

1 THE COMMONWEALTH OF MASSACHUSETTS
2 MASSACHUSETTS GAMING COMMISSION
3 REGULATIONS HEARING and
4 PUBLIC MEETING #145
5
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7 CHAIRMAN

8 Stephen P. Crosby
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10 COMMISSIONERS

11 Gayle Cameron

12 Bruce W. Stebbins
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19 February 19, 2015 10:30 a.m. - 1:01 p.m.

20 BOSTON CONVENTION AND EXHIBITION CENTER

21 415 Summer Street, Room 102A&B

22 Boston, Massachusetts
23
24

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

2
3 CHAIRMAN CROSBY: Okay, ladies and
4 gentlemen. Sorry for the little delay. Like
5 everybody else in Eastern Massachusetts, I've
6 spent the morning trying to figure out how to
7 get rid of ice dams on my house. Before we get
8 started on the order of business, there is a
9 sign-up sheet out in front for anybody who is
10 here that wants to speak about any of the
11 horse-racing issues.

12 So, even if you have been invited to
13 speak, even if you've already submitted
14 paperwork, anybody that wants to speak, please
15 be sure to go out and sign up outside so we
16 know about it. We're trying to figure out how
17 long it's going to take today. Janice is out
18 there at the front desk.

19 With that we will go to the first
20 item of business, which is usually the approval
21 of minutes. This time, we're going to postpone
22 that because we don't have a quorum of people
23 were here last time. I wasn't at the last
24 meeting, and the Commissioners McHugh and

1 Zuniga are on vacation today. So, we will
2 postpone the adoption of those minutes.

3 We will then go to item number three
4 administration, Executive Director Day.

5 MR. DAY: Good morning, Chairman
6 Crosby, Commissioners. I just have a couple of
7 brief comments here for general updates.

8 One is that I'd like to start to
9 increase public information around the need for
10 businesses and vendors and really employees and
11 parties that expect to be participating as Penn
12 opens for business in June, as we understand.
13 And just to remind everybody that the licensing
14 and registration process does take some time,
15 which means that about right now you should
16 have at least your completed, and I stress the
17 completed part, your completed application in
18 to the Commission, and be prepared for
19 processing.

20 So, those of you that have not at
21 this point but anticipate you're going to want
22 to, you need to get the call in to licensing,
23 talk with them. By the way, the number is 617-
24 979-8400. And make sure that you're going to

1 be prepared when you expect to do business for
2 Penn.

3 CHAIRMAN CROSBY: This is both
4 vendors and employees are you talking about?

5 MR. DAY: Correct. It has a lot to
6 do with the key employees, the employees that
7 Penn needs to have on duty as they begin
8 opening, because those key employees take a lot
9 longer to complete a background investigation
10 than just a normal employee. And vendors in
11 particular, if people are either anticipating
12 or Penn is anticipating people doing business
13 with them, they need to get their completed
14 paperwork in.

15 CHAIRMAN CROSBY: Have you spoken
16 with Mike and Elaine about putting that up on
17 our website and sending that out to everybody
18 we know and all that?

19 MR. DAY: Yes, Mr. Chair. As a
20 matter of fact, Elaine and the team will be
21 following up with the public information. To
22 expand on that, we have a brochure to have that
23 the material ready as well.

24 CHAIRMAN CROSBY: Great. Terrific.

1 Very exciting that we're starting to hire
2 people, lots of people and get lots of
3 suppliers going out there.

4 MR. DAY: I think the snow convinces
5 -- We think it's a long way away because of the
6 snow but it's actually getting pretty close.

7 CHAIRMAN CROSBY: It's only four
8 months, right? Wow, wow. Great. Okay.

9 MR. DAY: The second time I have,
10 I'd like to draw your attention to item 3(a).
11 And those may be familiar. Yesterday, about
12 184 letters went out to the Suffolk workers to
13 let them know -- it's both a letter from
14 Chairman Crosby of course and from Wynn, Wynn's
15 President, to let everybody know that they're
16 aware of the licensing condition and their
17 commitment to preference for qualified Suffolk
18 employees.

19 And the intent of this letter is to
20 be able to put those folks who would be
21 interested in touch with Wynn representatives.
22 So, the idea is once somebody gets that
23 information that they take a look at it, if
24 they are interested that they send in a card,

1 prepaid postcard to Wynn to indicate that
2 interest in a job or that interest in
3 employment with Wynn in the future. And they
4 even are looking at jobs today.

5 CHAIRMAN CROSBY: Yes. This really
6 important. I just want to mention this again.
7 One of the conditions I think it was that you
8 other Commissioners put on the Wynn license,
9 right? So, when the other four Commissioners
10 made the decision to select Wynn, they made as
11 a condition of the license that Wynn would
12 offer a preference to anybody from Suffolk
13 Downs who lost their job and would like an
14 opportunity to work at the Wynn facility.

15 So, we have now worked with the
16 folks at Suffolk Downs to get the names and
17 addresses of all of those employees. And we
18 sent a notice out to all of those employees
19 that included a letter from Bob DeSalvio from
20 Wynn offering an opportunity to talk to Wynn to
21 all of those employees if they want jobs. And
22 that's a really great thing. And Wynn is
23 taking the commitment seriously.

24 COMMISSIONER CAMERON: Yes, Mr.

1 Chair. They actually made the offer, Wynn
2 asked to make that one of the conditions for
3 licensing. They made that offer.

4 CHAIRMAN CROSBY: Great. Okay.

5 MR. DAY: Chairman Crosby, I might
6 note as well and the letter acknowledges this
7 is that of course we are still talking about
8 the possibilities for thoroughbred horse racing
9 to continue in Massachusetts. So, it
10 recognizes that that discussion is going on,
11 but wanted to err in the favor of employees
12 that may be looking for other opportunities to
13 make sure they have the early availability to
14 do that.

15 CHAIRMAN CROSBY: Right, well said.
16 Great, thank you.

17 MR. DAY: If I might then, I'll move
18 onto topic (b). You've seen these letters
19 quite often lately. So, at the last meeting
20 you might recall that our team and GTECH, kind
21 of the Commission -- well, not kind of, the
22 Commission selected GTECH to provide CMS
23 services in Massachusetts for the Commission.

24 The selection, of course, had a

1 number of conditions on it on those briefly.
2 But since our last meeting, our team together
3 with GTECH have been working on a final
4 contract.

5 And for a number of reasons,
6 including the complexity of the contract but I
7 think also having a lot to do with our various
8 weather cancellations and inability to continue
9 to meet while that's been going on.

10 For those reasons, we made
11 substantial progress on such a contract but we
12 haven't completed the contract negotiations in
13 its entirety.

14 What we are hoping is that the
15 Commission would be interested in or allow us
16 to do is really grant us the authority to
17 complete negotiations and sign the contract
18 with GTECH for CMS services provided the final
19 contract includes directions from today and any
20 changes that might be there, and the addendum
21 that we'll discuss here in just a few minutes
22 proposed by staff with no material differences.

23 So, we're basically asking, if we
24 have the direction, can we go forward and make

1 sure that the contract, those directions are
2 included in the contract, and if we
3 successfully do that sign the contract. And
4 seeking that authorization from the Commission,
5 if you would be willing to do that.

6 With that, just a quick couple of
7 comments on the addendum that's in your
8 packets. It should be 3(b). We believe that
9 the addendum that you see there does reflect
10 the discussions and the conditions that the
11 Commissioners applied as you voted to approve
12 -- not approve, to select GTECH pending
13 contract negotiations to provide CMS services.

14 I identify kind of four key areas.
15 The conflict of interest which was a lot of
16 discussion. And the solution to that was
17 proposed by IEB with a series of policies.
18 Those policies have all been listed in the
19 addendum with the concept that upon signing the
20 contract, they would have 30 days to submit and
21 have those policies approved.

22 Also along with that section, there
23 was a condition about early termination options
24 that would allow the Commission really in two

1 cases. If we were able to develop a system and
2 the other one would be if we were going to
3 select to assume operations that we could opt
4 out of the contract. That is still in its
5 infancy, but we have a scalable idea, I think,
6 of what that might look like.

7 And then pricing options, there's a
8 lot of discussion from the Commission on the
9 concept of being able to defer really some of
10 the cost of the contract to later years and
11 when the revenues would actually be coming in.

12 And then the last of those was
13 actually sort of a combined thing was what I
14 will call a warranty. And the idea of that
15 section really was that you heard a lot about
16 three different kinds of communication
17 protocols. But what it comes down to is that
18 the CMS that went into place would be able to
19 select information without jeopardizing the
20 operation of those floors in any combination
21 that the licensee would end up putting on the
22 floor.

23 And as well, what this contract or
24 what this addendum includes is an addendum that

1 would impose damages if there for some reason
2 was some problem. So, it says yes, we can do
3 that. We understand we need to do that. And
4 (B) there's damages in there if that didn't
5 take place.

6 The specific pricing options and the
7 early termination options I want to defer to
8 Derek because he is prepared to go ahead and
9 discuss those with the Commission. And maybe
10 when that takes place then John may have some
11 additional technical comments to give a little
12 more detail than I provided. So, if we can go
13 to Derek now, I'd appreciate it.

14 MR. LENNON: Good morning,
15 Commissioners. Just a few pieces. Rick did an
16 excellent job of summarizing where we've been
17 to date.

18 I want to thank the GTECH team. I
19 want to thank Counsel Blue and Counsel Grossman
20 for their assistance on this. I want to thank
21 the IEB for their input. So, it's been a lot
22 of people pulling together with a lot of snow
23 in between and some travel.

24 Under the policy piece, once again

1 we have put down 30 days but this is a
2 collaborative effort. Our team has to work
3 with GTECH to come up with these policies and
4 make sure that they meet our approval. So,
5 it's going to take some substantial effort on
6 our side. I don't want you to think it's all
7 just on the GTECH side.

8 On the opt-out, we did receive
9 information today. I know that that was of
10 interest to a few Commissioners. What GTECH
11 has given to us is basically a verbal. They
12 worked the number down from what their initial
13 number was.

14 It was going to be \$12 million for
15 an opt-out reduced by \$100,000 for every month
16 going forward, but that could change based on
17 whatever scheme we pick on the pricing. So,
18 I'll let GTECH talk about that opt-out later.

19 Now we just did get that number.
20 So, I would like to talk, negotiate that number
21 a little further with GTECH because I don't
22 have all of the financing behind it and the
23 understanding behind it. So, I'd like, if you
24 approve at this point, some ability to

1 negotiate that point a little further.

2 And then comes the pricing. What
3 you see on this chart are five different
4 scenarios. You have our initial contract offer
5 which was 180. And we didn't put in the one-
6 time cost onto this grid or the refresh because
7 those don't change. So, we just took the
8 variable costs.

9 So, what you see is the base cost of
10 187,700 a month. What we had asked GTECH to go
11 and do is take a look at years one through
12 three, see if we could change that little bit
13 to (1) help out licensees who don't have
14 revenue coming in during that time period.

15 And (2) help to offset the
16 appearance of a negative return on investment
17 even though it would be a positive return on
18 investment over the whole life of the contract.
19 For those three years, it was a negative return
20 on investment.

21 So, what GTECH has done is come back
22 with four different scenarios. The first two
23 take a 66 percent reduction to the contract
24 price over the first two years with payback

1 options that go up higher in years four and
2 five and then level out a little bit more in
3 six through 10. And the second two scenarios
4 are 50 percent reduction with higher paybacks
5 in years four and five and leveling out years
6 six and 10.

7 If you have me my opinion from a
8 personally financial, I would say take the
9 initial offer but that isn't what we came to
10 negotiate. Because with each one of these is
11 somewhat of an increased cost because GTECH is
12 losing money in those first few years. So,
13 they have to borrow, and there is a cost to
14 borrowing.

15 If you ask my opinion and we had to
16 go with one of this options, I'd go with option
17 D. I think it takes into consideration (1)
18 what our licensees were asking for, a leeway
19 during the first few years. It doesn't
20 increase contract price to a point where it
21 puts GTECH as not the lowest bidder at that
22 point.

23 And it also pays back the amount of
24 revenue that's borrowed in years four and five,

1 which is when our licensee should be receiving
2 their maximum amount of revenue. So, I'm
3 talking about Wynn and MGM. That's when
4 they're anticipating to be opening up. They
5 have higher revenues most likely those first
6 two years just because it's what our
7 consultants have told us is that's when the
8 demand is the most. And then it levels us off
9 back to the contract base price.

10 COMMISSIONER CAMERON: It's D as in
11 David?

12 MR. LENNON: D as in David, the last
13 option on the chart.

14 CHAIRMAN CROSBY: Questions, issues?

15 COMMISSIONER CAMERON: I had a
16 chance to discuss this chart thoroughly with
17 CFAO Lennon. So, I think I understand it. And
18 certainly, we're going to defer to his
19 expertise on this financial matter. Your
20 argument makes sense.

21 MR. LENNON: Thank you.

22 COMMISSIONER STEBBINS: I also had a
23 chance to review the pricing options with him.
24 I agree with this analysis that option D could

1 work the best for both us and obviously for our
2 licensees who are helping us foot the bill.

3 CHAIRMAN CROSBY: This was a cause
4 that came up I think the Commissioners brought
5 it up, right? It was one of our concerns was
6 this frontloading of the costs. That was a
7 concern expressed on behalf presumably of the
8 operators, right? We didn't want -- Our
9 licensees, we didn't want to burden them with
10 heavy cash flow pressure at a time when there
11 were at minimal cash flow (A).

12 And (B) we didn't want to appear to
13 be looking like the most expensive system in
14 the world for a relatively modest size
15 operation, both of which makes sense. And we
16 agreed on that.

17 But have you had any opportunity to
18 ask the operators, the licensees whether they
19 like this scenario too? I don't know whether
20 they spoke up or not or whether we sort of
21 superimposed our judgment anticipating what
22 they would be concerned about. Do you have any
23 feedback from them?

24 MR. LENNON: I have not had any

1 feedback. I haven't asked for it, to be frank.
2 If you want to narrow down to two options, the
3 first or the second, the initial offer or the
4 second one, I can bring that back to them and
5 that can be our final contract price.

6 CHAIRMAN CROSBY: It's not totally
7 dispositive. There are other reasons why the
8 Commissioners brought this up. This ultimately
9 is the operators' money. And these are monthly
10 fees, right?

11 MR. LENNON: Correct.

12 CHAIRMAN CROSBY: Monthly payments.

13 MR. LENNON: With the cost below it,
14 the subtotals for the years and then added out.

15 CHAIRMAN CROSBY: So, you're picking
16 up something like a three million dollars in
17 positive cash flow over three years at the cost
18 of \$1.6 million.

19 If I were an operator who in the big
20 picture didn't have cash problems, I just had
21 bottom-line problems -- not problems but
22 issues, I don't know that I would make that
23 trade-off. I just don't know. I think you
24 could argue it either way. But I think it

1 would be worth getting their feedback on this,
2 and just factoring that into your calculations.

3 As far as I'm concerned, I totally
4 agree with the other Commissioners that you
5 guys have really studied this hard. You
6 responded to the issues that have been raised.
7 GTECH has been patient and responsive. I'm
8 more than happy to delegate to you the final
9 authority to negotiate the deal.

10 But since it is ultimately their
11 money, it does seem like it's worth at least
12 asking them whether they have any particular
13 preference one way or the other.

14 I suppose that raises the question
15 if the operators came back to us and said we
16 don't really live in a world where we're
17 worried about our cash flow. We worry more
18 about our bottom line. Then we would just
19 assume go with the original proposal, if that
20 were said -- I have no idea what they're
21 thinking here. They may not look this way at
22 all. I don't know.

23 But if they did, would you all be
24 comfortable going back to the original

1 proposal? Or do we feel strongly that we want
2 it to be one of the scenarios, the other
3 scenarios as selected by Derek and Rick?

4 COMMISSIONER CAMERON: I thought the
5 main reason was to accommodate. I understand
6 the perception issue as well. But I thought
7 the main reason, are we correct in saying that
8 was to accommodate?

9 MR. LENNON: There were serious
10 concerns about cash flow with no revenue coming
11 in.

12 COMMISSIONER CAMERON: So, those
13 were expressed to you --

14 MR. LENNON: Correct.

15 CHAIRMAN CROSBY: By the operators.

16 MR. LENNON: Correct.

17 COMMISSIONER CAMERON: -- by the
18 licensees. So, this not trying to think about
19 what they're thinking. This is actual
20 conversations with you, correct?

21 MR. LENNON: But there was the
22 return on investment issue that came up too.
23 That was a strong conversation. If you
24 remember, we came up with a chart for the first

1 three years.

2 COMMISSIONER CAMERON: Yes. And
3 Commissioner Zuniga felt strongly about that.
4 And I don't want to speak for him.

5 CHAIRMAN CROSBY: Right, right. It
6 just depends on how they all look at it. If
7 they're managing on a system by system basis,
8 then this is going to be helpful. If they're
9 really managing the big picture, their overall
10 corporate financing, I don't know if this
11 matters at all.

12 So, why don't you just reach out on
13 that. For those you -- You're already to give
14 us your thoughts on that. Beyond that I'm
15 completely in agreement to vote to approve
16 delegating the decision-making and the rest of
17 the negotiating to you all.

18 COMMISSIONER CAMERON: Yes. I think
19 that termination number is very high. And I
20 know you have not had a chance to negotiate
21 that piece yet, but I know that you are an able
22 negotiator. So, I would be comfortable
23 approving giving you the authority to continue
24 and finalize this.

1 MR. LENNON: Just one final
2 disclaimer in there. There are a few clauses
3 that GTECH has not signed off on. One of them
4 was we are still negotiating the terms. So, I
5 think what you see in their is my ideal
6 scenario of the terms of a liability payback if
7 anything were to go wrong. And I think GTECH
8 has come with a fair starting point for that
9 term for negotiations too. So, we'll probably
10 meet somewhere in the middle, but they have not
11 signed off on that one. We put it in there
12 just because that's my ideal scenario. Would
13 that be accurate?

14 MS. MANCINI: Yes. It's still
15 something that we're talking about internally.
16 And it wasn't something that was included in
17 our pricing. So, we'll have to continue
18 discussing that item.

19 CHAIRMAN CROSBY: Okay.

20 MR. LENNON: Are there any other
21 concerns on any of the clauses in the addendum?

22 CHAIRMAN CROSBY: The only other
23 point obviously, and this is a point that I
24 overexpressed at a previous meeting, but there

1 is the concern about we do have a deadline here
2 of trying to get up and running.

3 So, we need to just get going and
4 not so squeeze the production cycle that we're
5 having to compromise terribly in order to get
6 up and running on time.

7 MR. LENNON: I think we have the
8 backbone of the deals. So, we're not going to
9 let anything really a small point hold us up on
10 our end.

11 COMMISSIONER STEBBINS: Derek, just
12 for a clarification. The addendum, the portion
13 of the document that's in red, those are your
14 proposals?

15 MR. LENNON: Yes.

16 COMMISSIONER STEBBINS: I just had
17 one question that just kind of leaps out at me
18 is are we clear on the central monitoring
19 system having the capacity to support up to
20 20,000 electronic gaming devices? Is there any
21 difference between that number and what we
22 might realistically expect to have in terms of
23 the cost of the system?

24 MR. LENNON: No. So, the way it's

1 explained to me is whether it's 1000 or 20,000,
2 it's pretty much the same, same capacity, same
3 pricing.

4 Then did GTECH have anything else?

5 MS. MANCINI: Just one other small
6 point and I was talking to Attorney Grossman
7 about this earlier this morning. I think we
8 would just like to see a little bit stronger
9 language around the conflict of interest issue
10 and GTECH's ability to sell electronic gaming
11 machines into the licensed facilities. But I
12 think that we're in a place where we can come
13 to an agreement on how that language would
14 work.

15 CHAIRMAN CROSBY: Okay.
16 Commissioner Cameron do you want to frame a
17 motion?

18 COMMISSIONER CAMERON: So, I move
19 that we authorize our staff to continue and
20 finalize negotiations with GTECH in order to
21 begin implementing the central monitoring
22 system.

23 CHAIRMAN CROSBY: Along the broad
24 parameters --

1 COMMISSIONER CAMERON: -- as we
2 mentioned earlier, taking into consideration
3 our comments today and previous comments which
4 are articulated in the addendum.

5 CHAIRMAN CROSBY: Second?

6 COMMISSIONER STEBBINS: Second.

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

9 COMMISSIONER CAMERON: Aye.

10 COMMISSIONER STEBBINS: Aye.

11 CHAIRMAN CROSBY: Opposed? The ayes
12 have it three to zero.

13 MR. LENNON: Thank you,
14 Commissioners.

15 CHAIRMAN CROSBY: Thank you all.
16 Thank you GTECH. Okay. We now come to item
17 number four, legal division, General Counsel
18 Blue.

19 MS. BLUE: Good morning,
20 Commissioners. I wanted to suggest that maybe
21 we do item 4(b) first because it's very quick
22 and then we can have our speakers come up.

23 So, I have Attorney Holmes here to
24 ask you for approval and describe what we are

1 asking you to approve.

2 MS. HOLMES: In your packet, you
3 have the draft of the section 14 regs. for
4 supplemental licensing procedures. Because
5 they are racing regulations, they need to be
6 submitted to the Legislature before they can be
7 fully approved and enacted.

8 So, we are just looking for a vote
9 from you guys to allow us to submit them to the
10 Legislature.

11 CHAIRMAN CROSBY: And the gist of
12 them is, the intent, the purpose here?

13 MS. HOLMES: For the supplemental
14 licensing?

15 CHAIRMAN CROSBY: Yes.

16 MS. HOLMES: They were procedures --
17 the new policies that we had kind of enacted
18 for the one-day license and the supplemental
19 licensing that followed for this particular
20 situation that we're in.

21 CHAIRMAN CROSBY: So, am I right?
22 Basically, what this is doing is codifying the
23 kind of informal agreement we made to do
24 everything we could to accommodate partial,

1 temporary, one-day etc. --

2 MS. HOLMES: Right. It put the
3 procedure in the regulation. We've already
4 passed them by emergency and we just are going
5 through the formal process.

6 CHAIRMAN CROSBY: Okay, great. Any
7 questions, comments? Do you need a motion?

8 MS. BLUE: Yes.

9 COMMISSIONER CAMERON: So, I move
10 that we adopt the supplemental procedures for
11 licensing pursuant 128A and that is 14.01.

12 CHAIRMAN CROSBY: Second?

13 COMMISSIONER STEBBINS: Second.

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

16 COMMISSIONER CAMERON: Aye.

17 COMMISSIONER STEBBINS: Aye.

18 CHAIRMAN CROSBY: Opposed? The ayes
19 have it unanimously. You're right. That was
20 quick.

21 MS. BLUE: Thank you. In your
22 package today you have a lot of material on
23 various racing issues. And just to explain so
24 that the general public knows what we are doing

1 today, we received between last October and
2 November when you approved a number of one-day
3 licenses through the end of 2014 a number of
4 letters requesting various actions by the
5 Commission.

6 And we thought that it would
7 probably be best for the Commission to get a
8 full picture of what is going on with racing in
9 2015 and have the stakeholders come in and
10 present to you in person what their thoughts
11 are and to explain some of the requests that
12 were made.

13 So, we asked the stakeholders to
14 come in. We asked those who wished to submit
15 briefs or letters on some of those issues to do
16 that. And you have those letters in your
17 packet as well. We've had a number of folks
18 come in and sign up to speak in person.

19 And really what we would like to do
20 is understand what their concerns are, what
21 their plans are for 2015. And to give the
22 Commission the opportunity to ask questions.

23 So, I think Chairman Crosby you have
24 the list of folks who are here. They can come

1 up in any order that you would like.

2 CHAIRMAN CROSBY: Just for the
3 Commissioners to know, we have representatives
4 from the two tracks, Chip Tuttle and Lance
5 George, who are here to answer questions but
6 they are not necessarily asking to speak but
7 feel free to ask questions of them if we want.

8 Okay. We'll just go by the order on
9 the sign-up sheet. Martin Corry, I believe is
10 first from the Harness Horseman's Association.

11 COMMISSIONER CAMERON: He submitted
12 a letter?

13 CHAIRMAN CROSBY: Yes. And help us
14 find your letter first before we start --
15 before you start. What is the date of your --

16 MR. CORRY: February 11, Mr.
17 Chairman.

18 MS. BLUE: It should be in the
19 second section of your packets. It's under the
20 racing briefs section, I believe. I think you
21 have two sections in the packet that Amy put
22 together.

23 CHAIRMAN CROSBY: This is from Ed
24 Nowak?

1 COMMISSIONER CAMERON: No, right
2 after that -- just before that I believe.

3 CHAIRMAN CROSBY: Yes, Martin Corry,
4 got it February 11. It's the next-to-last
5 letter.

6 MS. BLUE: It's page 61 of 74.

7 CHAIRMAN CROSBY: Okay. Welcome.
8 Introduce yourself.

9 MR. CORRY: Thank you, Mr. Chairman
10 and Commissioners. I'm Marty Corry appearing
11 today on behalf of the Harness Horseman's
12 Association of New England, and I have sent in
13 a letter for your packet for consideration on
14 issues related to the harness horsemen and the
15 Race Horse Development Fund.

16 Specifically, without reading the
17 letter, the primary focus of my remarks relates
18 to the allocation of the Horse Race Development
19 Fund. We would like to ask the Commission to
20 refer back to the Horse Racing Committee the
21 allocation and the consideration between the
22 standardbred and the thoroughbred based
23 specifically the request for racing days.

24 When the initial consideration and

1 allocation between the two groups was made, it
2 was based on racing days being equivalent. And
3 under the two proposals that I have seen, the
4 suggestion by the thoroughbreds is a request
5 for somewhere between 25 and 50 racing days.

6 And we think that that is such a
7 material change in circumstances that before
8 any consideration should be given to what the
9 fund will be used to -- what the thoroughbreds
10 will be able to spend the money on that they
11 get from the fund that a rejiggering of the
12 fund should be considered by the Racing
13 Committee and any adjustments that are felt
14 equity would require would be done first before
15 there's any subsequent conversation.

16 CHAIRMAN CROSBY: Questions or
17 issues?

18 COMMISSIONER CAMERON: I am a member
19 of the Racing Committee. So, I am very well
20 aware of the work that was done. And you are
21 correct when you say that the initial premise
22 of the work was done on two full racing
23 seasons.

24 Did we have a chance to look at this

1 letter from a legal standpoint?

2 MS. BLUE: Yes.

3 COMMISSIONER CAMERON: And I know
4 that the decision has laid out all of the
5 statutory pieces. I think that would be
6 important for us to look at. The only other
7 issue pending is a couple of spots on the
8 committee that have to be filled. So, I know
9 that we are working on doing that.

10 I know the requests have been made
11 to the appointing authorities to fill those
12 positions on the committee. So at this time,
13 the committee is -- there is a quorum but it is
14 not a full committee at this time.

15 But I find this to be reasonable
16 request.

17 CHAIRMAN CROSBY: Can I ask a
18 question about this? I have not followed this
19 anywhere near closely, obviously, as
20 Commissioner Cameron has. I take at face value
21 what both of you say that it sort of presumed
22 two full racing slates.

23 But everybody knew that there was no
24 guarantee that there was going to be either a

1 harness track with a license or a thoroughbred
2 track. So, although I gather that there was
3 sort of presumed for the sake of discussion
4 that there would be equity, everybody was aware
5 of the fact that anything could happen.

6 There was no guarantee that Suffolk
7 Downs was going to end up with -- Excuse me.
8 Let me just finish on this. And I remember
9 discussion as we were sort of working our way
10 through this and as I heard the Race Horse
11 Development Fund folks talking about that one
12 of the issues that was anticipated about the
13 possibility of this money was that if a track
14 went dark because it didn't get a license that
15 there would be possibility of accumulating
16 funds, which would eventually induce the
17 development of substantial purses and thus the
18 economic model that might bring back whichever
19 racing didn't occur.

20 And I remember talking about other
21 markets with Dr. Durenberger and others where
22 we heard about markets that had gone dark and
23 where pools of money had been built up to
24 induce development.

1 Was that not part of sort of the
2 understanding that this was part of the
3 background noise as these decisions were being
4 made?

5 MR. CORRY: Our position, Mr.
6 Chairman, would be that under Chapter 23K the
7 number of racing days is specifically stated.
8 And that would supersede the conversations that
9 you are talking about.

10 CHAIRMAN CROSBY: So, you're saying
11 that somehow or other 23K says that the
12 Committee's decision has to be based on --

13 MR. CORRY: No. There's a reference
14 to an equivalent number of racing days.

15 CHAIRMAN CROSBY: And that's
16 somehow tied as a --

17 MR. CORRY: -- to the consideration
18 of the five principles for the split or the
19 allocation of the Horse Racing Development
20 Fund.

21 CHAIRMAN CROSBY: It sounds like
22 it's a consideration, but it's is not defining.
23 It's not dispositive. It doesn't assert that
24 something must therefore follow. It's just one

1 of the factors that they're asked to consider,
2 the number racing days.

3 MR. CORRY: I would agree.

4 CHAIRMAN CROSBY: That makes
5 perfectly good sense. It totally makes good
6 sense. But there was all this other stuff
7 going on and other possibilities that we were
8 all aware of. What that exactly means about
9 the split, I personally don't have an idea yet.
10 And I don't know what the Racing Committee
11 would think.

12 But I just want to make sure we have
13 an accurate memory of sort of the way the
14 ground was laid here as we reconsider this, if
15 we do.

16 MR. CORRY: We would argue though
17 that the significant difference between a 25-
18 or 50-day meet versus a 100-day meet that was
19 not part of the equation when the allocations
20 were made. And that fundamental fairness would
21 require that that issue be reopened.

22 CHAIRMAN CROSBY: I totally agree
23 with Commissioner Cameron that what you are
24 saying is a perfectly reasonable point. The

1 idea of having the Racing Committee rethink
2 this under the circumstances makes sense.

3 But I also think that it is a
4 perfectly plausible outcome of that
5 reconsideration might have been that what we
6 want in the long run is a lot of racing days
7 down the road on both sides. Let's figure out
8 a strategy that will most induce the
9 development or long-term health of racing. And
10 that may or may not mean altering the formulas.
11 I don't know. It's just a different lay of the
12 land.

13 MR. CORRY: Fair enough.

14 CHAIRMAN CROSBY: Other thoughts?

15 COMMISSIONER CAMERON: No. My
16 thought was just that it's a reasonable request
17 for the Committee to reopen. Certainly, with
18 no feeling at all about the outcome until all
19 of the issues including a legal analysis would
20 be discussed by the committee members.

21 CHAIRMAN CROSBY: I completely agree
22 with that.

23 MR. CORRY: Thank you very much.

24 CHAIRMAN CROSBY: Thank you. Next

1 up is a familiar face, Mr. Carney. Mr. Carney
2 and Mr. Carney.

3 MR. CARNEY: Good morning. The
4 reason I was anxious to speak today is that
5 Brockton Agricultural Society and the
6 Middleboro Agricultural Society are two
7 companies that I'm involved with.

8 And back when there was a question
9 about racing, whether harness racing or horse
10 racing whether it was going to continue, I got
11 involved at the Fair and had meetings whereby
12 if Suffolk Downs wasn't going to run that I'd
13 make the property available to conduct pari-
14 mutuel thoroughbred racing in Brockton.

15 Back about eight or 10 years ago, I
16 spent about \$3 million renovating the place.
17 And if I started over today, it would probably
18 cost me five. But anyway, so much for that.

19 My position was that this would give
20 the horsemen an opportunity to run. I had
21 meetings with both sides as far as things were
22 concerned. And I also met with the breeders.

23 George Brown is sitting behind me.
24 I've known him for many, many years. As well

1 as I've met with the legislative agent for the
2 HBPA, the fellow that representative on Beacon
3 Hill. And we had many discussions.

4 I also met with the president of the
5 HBPA. And as far as things were concerned, it
6 was a question of maybe, but it all depended on
7 what Suffolk was going to do. I made it very
8 clear from the start I wasn't going to
9 competing against Suffolk Downs. If they were
10 going to run that was one thing. If they
11 weren't that was another thing. I'd make the
12 property available.

13 We had deep conversations. And it
14 was one of those things that was kind of a
15 fallback position for the HBPA. As time goes
16 on and things have changed in my life when one
17 door opens another one closes.

18 So, as we get started, I have now
19 been involved in the possibility with the
20 Brockton Fair where I get tied up with
21 (INAUDIBLE) Street Gaming or Mass.
22 Entertainment, technically whatever way you
23 want to describe it where there's a possibility
24 that Brockton may become a casino, which I'm

1 very hopeful will happen. That's one thing, I
2 always live on hope.

3 I just wanted to say that as far as
4 things are concerned, if we can and it wouldn't
5 interfere with the construction of what I hope
6 might happen that the Fairgrounds probably
7 would be available and it would help either
8 side or just the breeders or whatever it was as
9 long as it didn't compete with what Suffolk
10 Downs had on the table.

11 I have a good relationship with
12 Suffolk. I've been working with them together
13 with Chip Tuttle for many years. I understand
14 that today things are always up in the air with
15 not knowing quite what direction to go in. I
16 don't think anybody has a clear-cut answer to
17 what will happen, only hoping that the purses
18 will be so great when the casinos get going
19 that it should attract top rate horse racing.

20 I'm an old horse racing bear myself.
21 For many, many years, I started with the horses
22 and I learned a lot about it. And I just
23 wanted to say that as far as the Fair is
24 concerned, the applications are both on hold as

1 far as the thing is concerned. I just wanted
2 to leave them in a safe place so that if things
3 fall apart and if it's possible that we could
4 run at Brockton this year here or whatever
5 would help our location would be available.

6 That's about all I have to say. If
7 there's any questions, I'd be happy to answer
8 them if I can as far as the things are
9 concerned. But most of the people here know
10 me. I've been dealing with them for many, many
11 years. So, I just want to make it clear I
12 don't really want withdraw the applications
13 unless I have to because there's always a
14 chance if they can work it out.

15 I'm hoping that it won't be for a
16 long-term solution, because I have now gone in
17 a different direction. But I just wanted the
18 Commission to know what our position was that
19 we could be helpful to keep it going and would
20 be happy to do it. If you have any questions
21 and I can answer them, I'd be happy to, Sir.

22 COMMISSIONER CAMERON: Mr. Carney,
23 so, I think what I'm hearing is because there
24 is uncertainty about racing at Suffolk Downs

1 that it makes it impossible for you to move
2 forward with any kind of a plan because you
3 have clearly stated that your facility would be
4 available if there was no racing at Suffolk; is
5 that accurate?

6 MR. CARNEY: I didn't want to have
7 people to think I put an application to compete
8 against Suffolk Downs, because I've been
9 working with Suffolk Downs for many years. And
10 I have a great working relationship with Chip
11 Tuttle who is sitting here today. But it was
12 one of those things that if they made their
13 mind up they weren't going to operate that as
14 far as Brockton was concerned, we'd make it
15 available.

16 But since my own situation has
17 changed quite a bit since then, because now we
18 have an application before the Commission for a
19 full-blown casino in Brockton. And if Suffolk
20 decided it would shut down permanently then
21 this coming year if it wouldn't interfere with
22 the construction hopefully -- I say hopefully
23 something might happen that we would make the
24 property available for a year or two until they

1 could find another place to find a home or get
2 together to find another location where they
3 would go.

4 But I'm very happy to work with the
5 horsemen because I know most of them most of my
6 life. And my son Christopher has also been
7 involved with most of them. That's about what
8 I would like to say.

9 COMMISSIONER STEBBINS: I haven't
10 had the chance to go out and visit the track in
11 Brockton. And you talked about some of the
12 investment that you made a few years back.
13 What if anything would you need to do to the
14 track to have it --

15 MR. CARNEY: With the type of
16 business that we're involved with because when
17 we run the construction business, if you went
18 to the Brockton Fair today, you'd think you're
19 in Alaska. I think I got more snow there than
20 they have in Alaska because it's for the city
21 and every place around it and it's such a huge
22 facility.

23 Anyway, we put new barns in. We
24 repaired the grandstand. We put a rail from

1 California there. I forget how they call it,
2 but one of those safety rails. It would
3 probably cost me maybe on the out cost probably
4 around \$300,000 and we'd be up and running
5 because we kept the place up even though we
6 weren't using it.

7 My son had a lot of horses there of
8 his own, maybe 30 or 40 of them there. George
9 Brown I think has a few of them down at his
10 barn right now. Anyway, it's something that we
11 could swing in and get it going. Even if it
12 was for a short meet, I'd be happy to do it. I
13 was talking about the breeders. I met with
14 their lobbyist, the people who represent them.
15 I know if it was for a short meet, maybe the
16 breeders I talked with them also as well as the
17 HBPA. There's two factions -- not two
18 factions, but there's two operations.

19 COMMISSIONER STEBBINS: Okay. Thank
20 you.

21 CHAIRMAN CROSBY: Anybody else? All
22 right. Thank you, gentlemen. There are two, I
23 think, representatives from HBPA, Mr. Raffetto
24 and Mr. Spadea -- three, that's fine, A, B and

1 C.

2 We have quite a few letters from
3 you. So, if you will guide us as you approach
4 a topic, let us know which one you're talking
5 about.

6 MR. FRISOLI: Thank you, Mr.
7 Chairman. I'm Frank Frisoli. I'm General
8 Counsel to the NEHBPA. And I'm also a member
9 of the HRC Committee with Commissioner Cameron.

10 Before we address the issues that
11 the HBPA has raised in, I think, nine letters
12 to the Commission, I would like to respond to
13 the comments of Mr. Corry of the Harness
14 Association and the deliberations of the HRC
15 that resulted in the recommendation that was
16 ultimately accepted and implemented.

17 As the Chair correctly noted, at the
18 time the HRC first convened, Suffolk Downs, the
19 thoroughbred industry had run I think
20 approximately 60 days the last two years. And
21 the statutory condition had been for 100 days
22 for an extended period of time and it had then
23 been reduced to 60 days at the request of the
24 thoroughbred industry because of the scarcity

1 of funds available for purses.

2 And the objective of the statute, I
3 think, was clear to look at the long-term
4 picture and advance both the harness and
5 thoroughbred industries. And to that end, the
6 HRC engaged the services of an outside
7 consultant, Dr. Margaret Ray, to prepare a
8 report relative to the allocation and look at
9 the different factors. And I might comment,
10 ironically I think I was the only dissenting
11 vote in retaining her services.

12 But in any event, her report came
13 back. And it clearly stated that it was the
14 thoroughbred industry that drove the economic
15 engine in Massachusetts. And her
16 recommendation initially was that more than 90
17 percent of the funds be allocated to the
18 thoroughbreds.

19 And ultimately in her final report,
20 I think, she was in the 85 percent range in her
21 recommendation. And notwithstanding that, the
22 vote of the committee was 75/25. So, we hire
23 an expert. We get her recommendations. And
24 the recommendations were not accepted.

1 Significantly less of the fund was allocated to
2 the thoroughbred industry.

3 And I would suggest that the reason
4 that that happened is precisely the present
5 situation which the harness industry seeks to
6 revisit. And I would suggest that any
7 revisiting of this is quite premature.

8 Mr. Raffetto who is with me is going
9 to address the issue of the prospects of racing
10 for the next two years. And I'm pleased to say
11 that I think you are going to hear that we
12 thought we had an agreement. We hit a last
13 minute snag, but I think we are about to reach
14 a conceptual agreement which will have
15 thoroughbred racing for 2015 and '16 at Suffolk
16 Downs. But I will defer to Mr. Raffetto on
17 that issue.

18 But the point I'm making is that
19 until the air is cleared to see what the
20 thoroughbred industry is going to do, it is
21 clearly premature to refer this matter back to
22 the HRC, if it should be referred back at all.

23 So, I would respectfully request
24 that the issue be tabled for another week or

1 two to see what happens with the agreement we
2 think we're about to reach with Suffolk Downs.

3 And I would also comment in any
4 event I think the Chairman's comments were
5 appropriate that at the time this allocation
6 was made, I think everybody on the Committee
7 understood that we had only raced 60 days the
8 last few years. And we weren't likely to race
9 more than 60 days. And I suspect that we will
10 race somewhere around 50 days the next two
11 years, not a big difference.

12 So, I don't think it's appropriate
13 to refer the matter back, but it's not an issue
14 I think you ought to address today.

15 COMMISSIONER CAMERON: Can I just
16 clarify an issue, Mr. Frisoli? The Legislature
17 allowed both industries to race 80 days rather
18 than 100 days the last couple of years. You're
19 saying 60 days. It's 80 days the last couple
20 of years.

21 MR. SPADEA: Commissioner Cameron,
22 we did not race 80 days last year.

23 COMMISSIONER CAMERON: That was
24 because of the licensing issue and they made

1 the decision to --

2 MR. SPADEA: I think the real reason
3 was because of economics as Mr. Frisoli has
4 said, purse revenue. I'll explain what
5 happened. I don't know what in principle
6 everybody thinks, but what happened was we
7 didn't have adequate money to run extra days.
8 In addition to that, everybody knows this is
9 not a secret, our horse population isn't what
10 it used to be. So because of safety issues and
11 I'd like to brag about the actual safety issues
12 we have at Suffolk Downs, we probably have the
13 best safety record in the entire country and
14 have had the last two years.

15 And that is because of the fact that
16 -- kudos to our trainers and the way they
17 maintain their horses, they ran as frequently
18 as we feel was acceptable. And our purse
19 allocations would not allow us to run any
20 farther.

21 And just for thought, what has been
22 one of the biggest snags this year is that the
23 revenue that is available from the Race Horse
24 Fund, the money from licensing and the money

1 that will be generated at Plainridge when they
2 start generating revenue that is our biggest
3 problem with the meet, because we do not have
4 adequate money to pay purses for 50 days. And
5 we do not have adequate revenue to lease the
6 facility so it can be cost wise feasible for
7 the ownership of Suffolk Downs to make the
8 business decision to allow us to do that.

9 That is our biggest problem right
10 now. We are short \$3 million. Using 100
11 percent of all the licensing fees and all of
12 the anticipated revenue based on the figures
13 that we have received from everybody involved
14 in this whole new operation about what should
15 be generated from the slots. And that is
16 starting the revenue flow in July a month
17 early. Everything I'm telling you --

18 COMMISSIONER CAMERON: I'm just
19 commenting on the fact that the Legislature
20 allowed from 100 days to 80 days. And then
21 there were some issues around horse safety. I
22 agree.

23 MR. SPADEA: But also because of
24 money.

1 COMMISSIONER CAMERON: Yes.

2 MR. FRISOLI: I will move onto the
3 next issue. We had provided a series of
4 letters. And let me deal with them perhaps by
5 the date and caption. We had a letter dated
6 January 26 to the attention of Danielle Holmes
7 regarding economic assistance pursuant to Mass
8 General Laws 128A 5(h) (4).

9 COMMISSIONER CAMERON: What's the
10 date on that one?

11 CHAIRMAN CROSBY: January 26, it was
12 the first one you and I talked about last
13 night.

14 MR. FRISOLI: So, on that particular
15 issue, and I think this gives us a shot, the
16 HBPA has traditionally been funded with funds
17 based on contract with Suffolk Downs.

18 What would happen is that under our
19 contract, there would be a pool of funds
20 available from racing that would come from
21 simulcasting, from payment of the premiums,
22 from the ADW money from places like Twin Spires
23 which is Churchill Downs, Express Bet and TBG.
24 They would pay rights fees and we would

1 traditionally share this pool of revenue with
2 Suffolk Downs in some fashion.

3 In the last few years, it's been
4 basically a 50-50 split of that revenue where
5 one half of that revenue was paid into purses
6 at Suffolk Downs.

7 In addition under the contract,
8 Suffolk Downs would provide funding for the
9 HBPA out of that revenue too. So
10 traditionally, the funds that are so-called
11 purse funds have been used to support the
12 HBPA's administrative expenses, its welfare
13 programs, we have a pension fund. We have a
14 fund that provides insurance for the trainers.
15 That is subsidized in large part by the HBPA.

16 So, we would have contractual
17 payments beginning in January each year where
18 Suffolk Downs would be paying some money
19 according to set schedules. Under the contract
20 we have with Suffolk Downs, it would be
21 installments. And those payments were in
22 addition to the so-called purse payments
23 referenced in that contract.

24 Well, the HBPA has had severe cash

1 flow issues. So, we understand that there is
2 some money available under Chapter 128A. We've
3 asked the Gaming Commission to have that
4 released to us. Suffolk Downs is in arrears on
5 some of their payments to us for 2014.

6 We've had amicable discussions with
7 them. We expect that will be worked out
8 shortly, but you know what, we don't have the
9 money. And we have pension payments that we
10 need to make. We have the medical payments for
11 our trainers that need to be made. And we're
12 basically looking for money to keep our
13 organization going.

14 In addition, as you'll hear from us,
15 we have retained counsel to advance
16 legislation, which is about to be filed to
17 develop a new entity to actually purchase a
18 location, build a thoroughbred racetrack, be
19 funded by bonds. And we have a business model
20 to follow that the utility companies used in
21 the past. We expect that they will be good
22 support for this.

23 The long-range plan for the
24 thoroughbred industry has been to get to a

1 position where we are self-sufficient; where we
2 control the venue in which we operate; where we
3 build something that is a 2016 model track as
4 opposed to the facilities like Suffolk Downs
5 which were built a century ago.

6 And the sport has changed radically.
7 Today --

8 CHAIRMAN CROSBY: Let's just keep to
9 the point.

10 MR. FRISOLI: Okay. So, the point
11 of this is simply we're asking this Commission
12 to release whatever funds might be available to
13 us.

14 CHAIRMAN CROSBY: Okay. Let me just
15 clarify. If I remember correctly, you talked
16 about three different sources of funds. One is
17 disputed revenues with Suffolk Downs. As far
18 as I know, at the moment we have nothing to do
19 with that issue.

20 MR. FRISOLI: That is correct. And
21 I'm not going to ask you to address that.

22 CHAIRMAN CROSBY: The second one is
23 I think in this January 26 letter 128A section
24 5(h) (4) which is the \$20,000 request. That's

1 what you're talking about?

2 MR. FRISOLI: That's what I'm
3 talking about. I'm seeking to have those funds
4 released to the HBPA as soon as possible.

5 COMMISSIONER CAMERON: I know that
6 legal is taking a look at this matter. I know
7 that those funds are typically for individuals.

8 MS. BLUE: It is.

9 COMMISSIONER CAMERON: I am just
10 asking you if you had a chance to take a look
11 at this and your thoughts as far as a legal
12 analysis here.

13 MS. BLUE: So, we did review this.
14 This is a fund that is provided with \$20,000
15 every year. That is the maximum amount of
16 money that goes in.

17 We take requests from either
18 occupational licensees or people who work at
19 the track, on the backside who've had some
20 economic disruption or an injury. And we try
21 to provide some kind of assistance to as many
22 folks as possible under that fund.

23 It has been our policy to limit
24 those funds to about \$2500 per claim so we can

1 spread them out. We also ask for proof of
2 need. So, we also get from people copies of
3 medical bills, copies of food bills, heating
4 things. That's what we've used it for
5 predominately.

6 We have not used it for an
7 organization to fund their expenses but really
8 to help individuals who are in dire need.

9 CHAIRMAN CROSBY: Does one of you
10 have in front of you the language that actually
11 says what this money is for?

12 MS. BLUE: We can pull it up. It
13 does say that it is for people at the track.
14 It talks about those groups of people. And
15 they have to have an economic need.

16 COMMISSIONER CAMERON: If I
17 remember, that language is somewhat specific.

18 MS. BLUE: It is. And the kind of
19 proof we ask is very specific as well.

20 COMMISSIONER CAMERON: If the
21 language is specific, it sounds like -- I guess
22 what I'm asking for is a recommendation based
23 on the legal -- And I guess we want to pull it
24 out first before you can do that. Those

1 requests will continue to come in, correct?

2 MS. BLUE: Yes, they do. They come
3 in often. So, what the statute says is \$20,000
4 annually to the Commission which is authorized
5 and directed to establish rules and regulations
6 for the purpose of using these monies to
7 provide economic assistance to any person
8 employed in the racing facility, the stable or
9 the backstretch area of the horseracing
10 licensee located at Suffolk County who is
11 facing a hardship due to illness or unforeseen
12 tragedy.

13 CHAIRMAN CROSBY: Okay. Other?

14 COMMISSIONER CAMERON: Well, I
15 think it's important. We've used that money.
16 I know many of the cases in which we've offered
17 assistance or rather the fund is there for that
18 reason. I'm just not sure.

19 Mr. Frisoli, maybe you can speak to
20 the fact that this is not individual. You're
21 asking as an organization. And secondly, to
22 deplete that fund for those individuals as we
23 continue to get those requests. Had you
24 thought about that, Sir?

1 MR. FRISOLI: I would suggest that
2 it is the discretion of the Commission to
3 decide how best to use those funds. And I
4 would note that the NEHBPA represents a lot of
5 people in the industry.

6 And that the use of the funds -- The
7 reason we seek to apply these funds is to
8 sustain the benefit programs, the medical
9 insurance we pay for the trainers and the
10 pension payments we pay. We don't have funds
11 available at this time.

12 CHAIRMAN CROSBY: Do we use it up
13 every year? Does the \$20,000 get used up every
14 year?

15 MS. HOLMES: I believe it does.

16 MS. CAMERON: And that's both
17 tracks, correct?

18 MS. BLUE: This is just for Suffolk.

19 COMMISSIONER CAMERON: The \$20,000
20 is?

21 MS. BLUE: Yes. But we oftentimes
22 get claims from people who haven't gotten a
23 full \$2500 but who have sustained injuries over
24 a number of years. They have ongoing injuries

1 and ongoing needs.

2 So, it's not necessarily just what
3 happens in a season that that 20,000 goes to,
4 but it can go to people who have been injured
5 or suffered something in prior seasons as well.

6 CHAIRMAN CROSBY: I come to this
7 looking to try to figure out a way to find a
8 pool of money that could be used in an
9 extraordinary circumstance. But this doesn't
10 seem to me to be a clear-cut case giving us the
11 opportunity to do that. If anything, it might
12 be a little more clear-cut on the other side.

13 Personally, I wouldn't want to move
14 on this. We have proven ourselves quite
15 flexible in our ability to try to find the
16 language or find interpretations of language in
17 our law and in our regs. to get us to do what
18 we think are appropriate public policy
19 initiatives

20 But in this case, I wouldn't want to
21 do that without the other two Commissioners
22 here. I think even though it's small money, I
23 would really want to know their feelings, their
24 thoughts about this.

1 And I'd like to get it a little bit
2 more fleshed out. At least see the whole
3 language so I really know exactly what it was
4 trying to say. I'd hate to say put a decision
5 off for two weeks, but I personally wouldn't
6 want to move on this without the other
7 Commissioners.

8 MR. FRISOLI: We have no objection
9 to tabling this.

10 MR. SPADEA: I have some
11 clarification. What happened to the fund in
12 2014?

13 MS. BLUE: Are you asking whether it
14 was used in 2014?

15 MR. SPADEA: Yes.

16 MS. BLUE: I believe it was.

17 MR. SPADEA: I thought we were
18 talking about -- I was misinformed. I thought
19 we were talking about money that was there from
20 2014 that hasn't been used.

21 MS. HOLMES: I don't think there was
22 an excess in the fund, but I am not sure.

23 CHAIRMAN CROSBY: Let's double-check
24 that because you're using the words I think and

1 I believe, and let's make sure on that.

2 COMMISSIONER CAMERON: How about we
3 do just maybe a small spreadsheet articulating
4 where those monies, the requests that we did
5 grant that might be helpful to you as well to
6 see.

7 MR. FRISOLI: On a related issue a
8 request for funding, you have a letter of
9 January 7, 2015 addressed to Dr. Durenberger.

10 CHAIRMAN CROSBY: Which date was
11 that?

12 MR. FRISOLI: January 7, 2015 to Dr.
13 Durenberger, economic assistance pursuant to
14 Mass. General Laws 128A 5(h) (4).

15 MS. BLUE: You may not have that
16 letter in your package because we were advised
17 that the larger letter superseded the prior
18 letter for this same economic assistance.
19 There were two letters sent to us on the topic.

20 MR. FRISOLI: Can I just address the
21 issue? I can do that briefly.

22 CHAIRMAN CROSBY: If it's in our
23 packet then I would have reviewed it and had
24 notes. And I just want to make sure. So,

1 what's the more recent version?

2 MS. BLUE: The one thing that's in
3 your packet. The one that has the attachments
4 and the tables on the economic assistance.

5 CHAIRMAN CROSBY: Okay. So, this is
6 about the Race Horse Development Fund?

7 MS. BLUE: Are you discussing the
8 same economic assistance fund under 5(h)?

9 MR. FRISOLI: What we addressed in
10 this letter is that there is simulcasting
11 revenue that's coming into Suffolk Downs since
12 the first of the year. And under the statute,
13 Suffolk was required to negotiate with the HBPA
14 and pay at least a minimum four percent of that
15 revenue to the HBPA.

16 And there, I believe, is other
17 revenue that's available at this time from
18 gaming that's in the general purse fund.

19 CHAIRMAN CROSBY: From the Race
20 Horse Development Fund.

21 MR. FRISOLI: From the Race Horse
22 Development Fund, yes. And with respect to the
23 simulcasting revenue, my understanding is that
24 Suffolk Downs's position is that whatever money

1 is to be paid under the statute, the minimum
2 under the statute that they were seeking some
3 approval from the Gaming Commission before they
4 would pay that to us.

5 And I would suggest that the statute
6 provides that they have to negotiate and pay
7 us. And I would seek a vote from this board
8 that the board has no objection to them
9 honoring -- making the payment directly to us
10 as provided by the statute.

11 CHAIRMAN CROSBY: Is this one that
12 you've --

13 MS. BLUE: So, this I believe what
14 we're discussing is referred to in the February
15 11 letter to me. And it says request
16 enforcement of licensees' obligation to pay
17 2015 simulcasting.

18 COMMISSIONER CAMERON: It's the
19 11th?

20 MS. BLUE: It's February 11, yes.
21 And it would be addressed to me.

22 CHAIRMAN CROSBY: Request
23 enforcement, okay, got it. Have you thought
24 about this one?

1 MS. BLUE: So, we have. Ordinarily,
2 monies earned -- Let's take 2014 for example.
3 Monies earned in 2014 would have been paid by
4 Suffolk Downs pursuant to their contract with
5 the horsemen. Suffolk Downs has not asked us
6 for any sort of approval for 2015. As we know,
7 they got the ability to simulcast while being
8 dark for the first quarter of 2015.

9 They have not discussed with us how
10 they are paying those premiums or what they
11 were going to do with that. As I understand,
12 the horsemen's position is that there is no
13 agreement between the horsemen and Suffolk
14 Downs for 2015. And it is the horsemen's
15 position that since that is the case, their
16 2014 agreement with Suffolk Downs governs.

17 CHAIRMAN CROSBY: That's the section
18 that's quoted here, right?

19 MS. BLUE: Yes. And that could very
20 well be correct, but I would submit that that
21 is a matter between the horsemen and Suffolk
22 Downs. If they come back to us with some
23 concern that they want to raise before the
24 Commission, we could certainly consider it.

1 But right now, I think it's an issue that they
2 should be working out together.

3 CHAIRMAN CROSBY: Where do you get
4 the idea that we have some role here to enforce
5 this?

6 MR. FRISOLI: I don't get the idea
7 that the Gaming Commission has any interest in
8 this. Suffolk has said that the premiums, the
9 money they are collecting now from simulcasting
10 they propose to pay it as the Commission may
11 direct.

12 CHAIRMAN CROSBY: So, maybe we
13 should hear from Mr. Tuttle on this issue.

14 COMMISSIONER CAMERON: From Mr.
15 Tuttle after or should we do that now?

16 CHAIRMAN CROSBY: Well, we're doing
17 it one by one.

18 COMMISSIONER STEBBINS: Well,
19 they've got a few more issues for this, don't
20 they?

21 CHAIRMAN CROSBY: I'd like get them
22 resolved one by one rather than come back.

23 COMMISSIONER CAMERON: Mr. Tuttle?

24 MR. RAFFETTO: I'm Louis Raffetto,

1 president of New England Horsemen's
2 Agricultural and Racing Corporation also
3 advisor to New England HBPA.

4 Understand that this document was
5 sent in as we were negotiating. I'll get into
6 that in greater detail. But I think that
7 hopefully as we move forward that this might
8 just become a moot point. So, I really just --
9 And I understand --

10 CHAIRMAN CROSBY: Okay. If that's
11 the case then we'll let it go. You guys make
12 up your minds. Do you want us to do --

13 MR. RAFFETTO: What I'm saying is
14 that Mr. Frisoli is just going through the
15 documents because they were sent.

16 COMMISSIONER CAMERON: But he just
17 asked us to move on this issue.

18 MR. RAFFETTO: Again, this whole
19 negotiation has been in a state of flux. At
20 this point in time, we would prefer --

21 COMMISSIONER CAMERON: You're asking
22 us to table this issue?

23 MR. RAFFETTO: Correct.

24 CHAIRMAN CROSBY: Okay. It's

1 tabled.

2 MR. FRISOLI: Now I defer to Mr.
3 Raffetto on the issue of the 2015 racing season
4 plans. And the letter that addressed this was
5 dated February 11, 2015 addressed to Catherine
6 Blue and says regarding 2015 racing season
7 plans.

8 CHAIRMAN CROSBY: Is this the one,
9 comment on Sterling Suffolk Racecourse request
10 for race days in 2015?

11 MR. FRISOLI: No. It says regarding
12 2015 racing season plans.

13 MS. BLUE: It's right after that
14 one. It just says 2015 racing plans.

15 CHAIRMAN CROSBY: Okay. Got it?

16 COMMISSIONER CAMERON: I do.

17 CHAIRMAN CROSBY: Okay. We are good
18 to go.

19 MR. RAFFETTO: Thank you, Mr.
20 Chairman, fellow Commissioners. Again, my name
21 is Lou Raffetto. And I'm here as an advisor to
22 the New England HBPA.

23 First of all, I wanted to just point
24 out there's been a great deal of effort made by

1 both sides in recent weeks, and most recently
2 over this past weekend to try to bring a deal
3 to fruition.

4 Understanding that the horsemen
5 really weren't holding a lot of cards in this
6 game, I think it is very important to publicly
7 thank Suffolk Downs for -- Suffolk Downs
8 ownership for their willingness to continue
9 discussions and also more specifically Mr.
10 Tuttle, because he has made a huge effort to
11 try to again bring this to fruition.

12 We had some communications earlier.
13 Chip, he can get up here now and speak for
14 himself. But we thought we were in good shape.
15 And they were papering a document. But
16 understand this executory agreement is
17 contingent upon legislation passing that
18 permits simulcasting for Suffolk Downs for the
19 next two years based on some number yet to be
20 determined days, between one and 50, and also
21 usage of the Race Horse Development Funds for
22 administrative and operational purposes.

23 I think it's important to
24 understand, and believe me I would not be here

1 if this was just a matter of keeping a patient,
2 or in this case the industry on life-support
3 just for the sake of having it on life-support.
4 As was pointed out, there's a long-term plan
5 here.

6 While it's important to think about
7 the jobs that are involved, to think about the
8 local economies affected and the agriculture
9 and the farms that are impacted negatively by
10 the loss of racing, this is really more about
11 2017. And that's the light at the end of the
12 tunnel.

13 Again, as Mr. Frisoli pointed out,
14 we are looking for the funding, the long-term
15 funding here to enable us to acquire a piece of
16 land, build a boutique racetrack that holds
17 some four to 5000 people which is what most
18 venues really need in this day and age. And
19 create a first-class racing venue that would
20 make sense.

21 Basically, we need the Legislature,
22 as I say, to support this that will allow the
23 simulcasting to occur and continue for the next
24 few years. Subsequently, we need the approval

1 of this Commission to allow the funding,
2 assuming it would pass, and determine how those
3 funds would be utilized.

4 Moreover, as Mr. Frisoli pointed
5 out, we're going to be introducing a co-op bill
6 in the coming days. And the purpose of this
7 bill would be to raise revenue, a bond issue
8 that would be guaranteed by the gaming funds.
9 And essentially that would ensure the long-term
10 viability of thoroughbred racing in New
11 England.

12 So, that's where we are right now.
13 As far as it relates to the situation with
14 Suffolk Downs, again, I think I'll give kudos
15 to their team for working so hard with us. And
16 I'd be glad to answer any questions that I can,
17 And then of course, Mr. Tuttle can come up and
18 say a few words for himself.

19 COMMISSIONER CAMERON: So, you're
20 not asking us -- I think what you are saying is
21 you feel like you're close to an arrangement,
22 an agreement. So, it's a little premature to
23 really talk about specifics, right?

24 MR. RAFFETTO: This is true. We are

1 very, very close. The specifics as I say are
2 really going to be determined to a great extent
3 by this Commission. It's extremely important
4 for a variety of reasons (A) number one, we
5 need to get the Legislature to pass the bill.
6 And the timeline is extremely important.

7 If we are to move forward and race
8 this year, let's just say take the maximum
9 number of 50 days, there are a couple of things
10 that need to happen. One, we need to have
11 access to the funds in their entirety over the
12 course of the season in order to pay the lease
13 payments.

14 CHAIRMAN CROSBY: When you say the
15 funds, you're talking about the Race Horse
16 Development Fund.

17 MR. RAFFETTO: Also other revenue
18 that comes from ADW, simulcasting, live racing.
19 The other part that's extremely important that
20 I think a lot of people can lose sight of
21 sometimes again is the timeline.

22 And as the Legislature moving on
23 this in a fashion and subsequently hopefully if
24 it's executed pass that this Gaming Commission

1 would also move quickly. Because if we are to
2 run a meet that would be 50 days in length
3 beginning let's say theoretically Belmont
4 weekend, we need to notify horsemen.

5 We need to know who is coming back.
6 We need to know how many horses are coming
7 back. And that really has to be -- We need to
8 know that no later than the end of March. We
9 can't go ahead and say we think we're going to
10 do this. Are you coming back?

11 CHAIRMAN CROSBY: I think following
12 up on what Commissioner Cameron said, relative
13 to these issues, including the big one which is
14 the Race Horse Development Fund monies, it
15 sounds like what you all are saying is the
16 landscape is gelling. It's not quite gelled
17 yet.

18 Therefore, we don't have data to
19 act. Whether we want to refer this to the HRC
20 or not. Whether anybody wants to reconsider
21 the splits or not, we don't know what the
22 thoroughbred part of the equation is now. And
23 if we sit tight for another week or two,
24 chances are you will be able to give us the

1 facts that we can use to make these decisions.

2 MR. RAFFETTO: Yes, Mr. Chairman,
3 that is correct. I think the point here is to
4 really to allow everyone to understand that we
5 have come to a meeting of the minds, which we
6 believe we have.

7 As I say, it's just an executory
8 agreement at this point in time. There is
9 nothing for this Commission to do at this
10 point. It's just extremely important that
11 everyone understands the issue.

12 And it does become -- It begins with
13 the Legislature passing this swiftly. And then
14 hopefully if that is the case and there is
15 enabling legislation that subsequently this
16 Commission moves likewise.

17 CHAIRMAN CROSBY: Right.

18 COMMISSIONER CAMERON: If I could
19 just say, you're giving us your timeline. And
20 that's important. And I understand you've been
21 working hard towards this. Actually, we also
22 have things that we need to do that take time.
23 Background investigations, if you're forming a
24 new company that investigation has to take

1 place before we can act.

2 We need time to research requests to
3 use funds differently than they've been used in
4 the past. So, my suggestion would be that you
5 start on the background investigation
6 immediately. It's my understanding that those
7 conversations with Lieutenant Connors have not
8 happened yet.

9 MR. RAFFETTO: They have not. There
10 was a misunderstanding.

11 COMMISSIONER CAMERON: Secondly,
12 working with legal is essential because we
13 can't act. We can't move forward without a
14 legal analysis of what your request is. So,
15 the sooner you can get that information to us,
16 the sooner we'll be able to move forward.

17 MR. RAFFETTO: We understand that.

18 CHAIRMAN CROSBY: I agree
19 completely. And we do have certain procedural
20 and process periods of time that we will insist
21 on taking. There are two sides to every story.

22 So, it would be very helpful if you
23 guys could work out sort of a critical path
24 chart principally with legal maybe with

1 Attorney Holmes so you and we know what are the
2 critical path items between now and the time
3 that you all think is you're go/no-go or your
4 drop-dead date. And tee us up as best you can
5 to be prepared to try to work with those
6 timelines while also giving everybody else a
7 fair chance to participate.

8 MR. FRISOLI: We would be delighted
9 to do that.

10 MR. SPADEA: In all due respect,
11 Commissioner Cameron. I think this might
12 clarify a few things. Over the past 20 years,
13 so everybody gets a true handle on what our
14 real problem is. And I live with it day-to-
15 day, more specifically than my two partners
16 here this morning.

17 What I mean by that is that the big
18 problem right now for my horsemen and my
19 farmers and my breeders is that the HBPA in
20 past times has always had the opportunity to
21 get a percentage of revenue from per se the
22 purse pool to operate the HBPA so that we can
23 pay as was said previously our employees and
24 our medical benefits.

1 And what I want to be very clear
2 about is that we can't pay them. So, there
3 will be people losing their medical insurance,
4 losing their life insurance in the next month.

5 So, what I want be clear about is,
6 and I have said it in a number of letters to
7 legal, the Race Horse Development Fund when it
8 was designed and with the fortitude of the
9 Legislature and the Gaming Commission to
10 provide that source of revenue so we would have
11 a lifeline as you may call it did not think
12 that if we cannot use the way purse accounts
13 have been used for 20 years to support the
14 backbone of our people so that we can live day
15 to day, we cannot exist.

16 So specifically, if the Race Horse
17 Development Fund to me would kindly realize
18 that the definition of purses should always be
19 that those purses should be able to be used to
20 allow the racing entity that's running at that
21 meet at that time in that county the fortitude
22 to use those revenues to run the business.
23 They can be audited. And they are audited.

24 CHAIRMAN CROSBY: The issue here is

1 what is thoroughbred racing going to look like
2 so we can make an intelligent decision about
3 how to handle the Race Horse Development Fund.
4 Your impassion right now is -- but let's hold
5 that until you have made a decision and you can
6 tell us what thoroughbred racing is going to
7 look like. Once you do that --

8 MR. SPADEA: What happens in the
9 meantime to the people that need medical
10 insurance? What happens in the meantime to the
11 life insurance for the trainers?

12 CHAIRMAN CROSBY: But you're not
13 asking us to do anything between now and the
14 meantime.

15 MR. SPADEA: No. I sent a letter,
16 Mr. Chairman, and asked to change the wording.
17 I sent two letters to do that.

18 CHAIRMAN CROSBY: Which wording?

19 MR. SPADEA: I am sure legal and
20 Danielle know what those letters were.

21 MS. BLUE: It might help to put in a
22 little bit of perspective when we talk about
23 these pools of money and then what the
24 legislation does and doesn't. Because it will

1 help our audience understand and it helps us as
2 we think about where we need to go.

3 So, prior to the Race Horse
4 Development Fund which was set up under 23K,
5 purse money came through the sources that were
6 described, simulcasting, premiums, ADWs. Those
7 monies went to the licensee. And the licensee
8 is the racetrack.

9 And they were put into purse
10 accounts. And then contracts were entered into
11 between the licensee, the racetrack and the
12 horsemen. And they could determine how to use
13 that purse money. And some of that purse money
14 went to administrative expenses, I would
15 imagine.

16 When the Race Horse Development Fund
17 came along, it took money from licensing. And
18 then it will have money from the slots parlor,
19 eventually money from the Category 1's and it
20 put it into this fund.

21 It pretty much tracked the same type
22 of language that was in 128A. So, they divided
23 it into three different buckets. When it says
24 80 percent goes to purses that's true, but it

1 gets paid to a licensee. Part of what we're
2 thinking about now is who is the licensee on
3 the thoroughbred side?

4 So, if we have a thoroughbred
5 licensee there can be Race Horse Development
6 Fund paid to that licensee. The language goes
7 on to talk about how that licensee will enter
8 into contracts with the horsemen. I would
9 believe that they could make some decisions
10 about how to use some of that money. But right
11 now we don't have a licensee that has a
12 permanent kind of schedule.

13 There is a percentage, 16 percent
14 that goes towards breeders. And that can be
15 paid to an authorized breeders association, one
16 that's approved by the Commission. And then
17 there's four percent that goes to what I call
18 health and welfare. And that language is a
19 little bit unclear in that it seems to suggest
20 that it goes to a licensee, but the Commission
21 could look at that and you could think about
22 how that may or may not happen.

23 So, I think part of it is we want to
24 be responsive. But part of it is the language

1 that we have in the legislation and who does
2 the money go to. And I think it's sort of the
3 central question, who is the licensee on the
4 thoroughbred side.

5 COMMISSIONER CAMERON: I know I've
6 read the letter with regard to the logistics.
7 If we can parcel this out because I know this
8 is important to Mr. Spadea and to the entire
9 group.

10 The 16 percent to breeders, there
11 claims to be the one organization that's always
12 -- that if we could verify that I think what
13 you're saying is you'd feel comfortable
14 recommending to us that we could distribute
15 those monies.

16 MS. BLUE: I think we could. We
17 could certainly consider doing that.

18 COMMISSIONER CAMERON: Okay. So, in
19 order to verify, how would you suggest we
20 verify that?

21 MS. BLUE: So, as I recall from past
22 years, they come before the Commission. They
23 explain who they are. They showed proof that
24 their members have authorized them to represent

1 them. The Commission has approved them as the
2 breeders organization. And then I think that
3 would be sufficient to release that money. And
4 that works for both the harness and the
5 thoroughbred.

6 COMMISSIONER CAMERON: Yes. I do
7 recall those approvals in the past. Are we
8 prepared to do that quickly, Mr. Spadea?

9 MR. SPADEA: We have a place
10 holder's license. We requested that have it --
11 As you know, we requested to have our
12 license --

13 CHAIRMAN CROSBY: We're talking
14 about the 16 percent.

15 MR. SPADEA: I know what you're
16 talking about. The breeders will be speaking
17 to that themselves. They're here. They will
18 be asking for that. That goes to two different
19 organizations. It doesn't help me at all. We
20 have a license -- We have a placeholders
21 license. We've had it right along. We've
22 asked to change that license so that we could
23 -- I get confused every day.

24 COMMISSIONER CAMERON: That

1 placeholder was only to give you time to get us
2 a full application, which demonstrates that you
3 have a place to race. You have agreements in
4 place. Do you know what I'm saying?

5 MR. SPADEA: Yes, I do.

6 COMMISSIONER CAMERON: It's not the
7 recommendation that we're getting that that
8 placeholder license allows us to treat you as
9 the licensee. Especially now when we're
10 talking about Suffolk wanting to be the
11 licensee and making agreements with all of you.
12 Do you see what I'm saying?

13 MR. FRISOLI: If I understand the
14 Commission correctly and its Counsel, with
15 respect to the 80 percent money, the
16 Commission, I think, what you're hearing out of
17 legal is if you don't have a licensee therefore
18 you can't act or do anything with that.

19 With respect to the 16 percent, it
20 goes to the breeders and the breeders will
21 speak for themselves. With respect to the four
22 percent, I thought I heard something a little
23 different from Attorney Blue saying that that
24 may be an issue for discretion. We would ask

1 you to exercise that discretion to make that
2 money available for the HBPA benefit programs.

3 CHAIRMAN CROSBY: So, that narrows
4 the issue. You chose your words carefully
5 there. So, it sounds like your sense is that
6 this might be something that we could consider
7 doing.

8 MS. BLUE: I think it's something we
9 could consider. What we would like to do is
10 look very closely at the language and then
11 offer you some options to consider so that you
12 could take action when the Commission is
13 comfortable.

14 COMMISSIONER CAMERON: So, could we
15 be prepared to do that in two weeks?

16 MS. BLUE: Yes, we could.

17 COMMISSIONER CAMERON: Would that
18 help you?

19 MR. SPADEA: That would help me
20 tremendously because then I could make sure
21 that the medical benefit plan stays in effect.

22 CHAIRMAN CROSBY: So, we can't
23 commit as to what we will say in two weeks, but
24 we can commit to saying it. So, you'll have a

1 decision out of us barring something
2 extraordinary.

3 MR. SPADEA: I promise you, we will
4 shortly have an agreement I'm hoping with
5 Suffolk Downs and that will straighten the
6 licensing situation out within the next few
7 days.

8 CHAIRMAN CROSBY: Okay.

9 MR. SPADEA: Thank you.

10 COMMISSIONER CAMERON: I think you
11 see, we like to be helpful. But we have to do
12 it in a way that is legally sustainable. And I
13 think this one particular area we could
14 probably act on quickly and hopefully you could
15 get us more information. And we could act as
16 quickly as we possibly can.

17 MR. SPADEA: I appreciate that.

18 MR. FRISOLI: I think we have
19 covered all of the issues except for one. And
20 that is the one that's addressed in a letter
21 dated February 11, 2015 to Attorney Catherine
22 Blue regarding comment on HRC review of the
23 Race Horse Development Fund for multiple
24 licensees.

1 CHAIRMAN CROSBY: Yes.

2 MR. FRISOLI: What I would simply
3 like to call to the attention of the Commission
4 is that in the indented paragraph at the bottom
5 of the page, we quoted the language of the
6 statute. And it says that 80 percent of the
7 thoroughbred funds approved by the Commission
8 are required to be deposited weekly into a
9 separate interest-bearing purse account to be
10 established by and for the benefit of the
11 horsemen.

12 So, when the Commission was
13 addressing the issue of that 80 percent and the
14 issue who was the licensee, what I would
15 suggest is that under the statute it says the
16 money is to be paid to the purse account that
17 the horsemen's group, us the NEHBPA
18 establishes.

19 So, I am just simply suggesting that
20 you ask Counsel to take another look at this
21 again. But it seems to me that the statutory
22 requirement is that the that 80 percent be paid
23 into a purse fund. And once the HBPA has
24 established a purse fund, which we will do

1 shortly that money ought to be paid to us. And
2 that solves our money problems.

3 CHAIRMAN CROSBY: Okay.

4 MS. BLUE: We can take an additional
5 look at that. We think further language in the
6 statute may make that a little bit different,
7 but we can certainly look at that.

8 CHAIRMAN CROSBY: Okay. That will
9 be a subset of the bigger 80 percent issue
10 which is hopefully going to get resolved when
11 you make your package deal here.

12 MR. FRISOLI: That's correct.

13 CHAIRMAN CROSBY: Just to reinforce
14 the idea of I think the critical path chart of
15 things you're going to need, whether it's legal
16 or Dr. Lightbown or --

17 MR. FRISOLI: I made a note to do
18 that.

19 CHAIRMAN CROSBY: It would be really
20 helpful for us if you want us to try to meet
21 your schedule.

22 MR. FRISOLI: We appreciate the
23 Commission working with us and the effort it's
24 made to accommodate the thoroughbred horsemen.

1 And we know that we believe we have a common
2 goal of furthering the industry and saving the
3 jobs that would otherwise be lost at Suffolk
4 Downs. I applaud you and I thank you for your
5 time and attention.

6 CHAIRMAN CROSBY: Our pleasure.

7 MR. SPADEA: Thank you.

8 CHAIRMAN CROSBY: Mr. Tuttle, did
9 you have anything that you wanted to
10 particularly add?

11 MR. TUTTLE: I don't. If the
12 Commission has any questions about our letter
13 or anything else based on what you heard, I'm
14 happy to answer those.

15 COMMISSIONER CAMERON: I think I
16 have a couple questions, Mr. Tuttle. How are
17 you, Sir?

18 MR. TUTTLE: Good. Nice to see you,
19 Commissioners.

20 COMMISSIONER CAMERON: I'm just
21 trying to straighten out the information that
22 we received because it always doesn't flow.
23 And I know that part of that is because of the
24 ongoing negotiations.

1 So, I understand what your letter
2 says but are you confirming that you are close
3 to a position where you will go back to the
4 Legislature to ask for an amendment, a racing
5 amendment? And then follow that up with an
6 application to us in which we could go forward
7 to investigate?

8 MR. TUTTLE: Yes. Let me see if I
9 can clarify that for your benefit and for
10 everybody's. Because 128A and C were only
11 extended for this quarter, these three months,
12 there has to be some legislative action in
13 order for things to continue for the future,
14 obviously, for the next whether it's a year or
15 two years or however long the Legislature
16 decides to renew the statutes for simulcasting
17 and racing.

18 We have worked very, very hard with
19 New England HBPA and are very sympathetic to
20 the plight of HBPA based on the unlikely
21 circumstance they would have money building up
22 in this Race Horse Development Fund but perhaps
23 not a place to race. So, we have tried to
24 accommodate its request to use our facility

1 subject to economic terms that make sense for
2 both organizations.

3 What we are contemplating and what
4 we are very close to -- The conversations have
5 been very productive for the last couple of
6 weeks. What we are contemplating is an
7 agreement whereby there would be two licensees,
8 running horse licensees in Suffolk County.

9 Our 2014 license, which has been
10 extended into 2015 by the Legislature by the
11 action they took at the end of the year, and
12 the HBPA's one-day placeholder license subject
13 to your additional action could continue as
14 well. There's precedent for this in other
15 parts of the country where multiple race meets
16 are held at one location.

17 So, for instance for years at Santa
18 Anita, the owners of Santa Anita, the Los
19 Angeles Turf Club, would have one race meet and
20 then the not-for-profit racing association, the
21 Oak Tree Racing Association would have race
22 meet as well.

23 So, what we could be able to
24 accomplish is the ability for Suffolk Downs to

1 continue to simulcast for the next two years as
2 the horsemen develop their long-term plans for
3 building their own track. And the horsemen
4 would be able to conduct a race meeting at our
5 facility during that time as well.

6 So, we are very, very close as they
7 said. Whatever our agreement will require
8 changes in the next round of legislation on
9 128A and 128C. And then presumably we'd be
10 back in front of you after that to very quickly
11 establish schedules and what the whole course
12 of the next couple years would look like.

13 COMMISSIONER CAMERON: You wouldn't
14 actually be the licensee, just for simulcast?

15 MR. TUTTLE: I think we would be a
16 running horse licensee by virtue of having this
17 legislation extended. So, the legislation that
18 was enacted at the end of 2014 extended our
19 license --

20 COMMISSIONER CAMERON: -- to
21 simulcast.

22 MR. TUTTLE: Yes, into 2015. Well,
23 it extended our ability to simulcast but what
24 it extended was our 2014 running horse meeting

1 license.

2 COMMISSIONER CAMERON: But that's
3 subject to an application to us that is
4 approved and we do not have that.

5 MR. TUTTLE: Yes. I think it's
6 similar to the way -- We view it as similar to
7 the way that the Wonderland and Raynham
8 licenses are extended by legislation. The
9 language of the extension invited us to apply
10 for dates. I see Attorney Blue nodding, which
11 I take is a good sign.

12 MS. BLUE: We read the language to
13 say that the simulcasting is certainly
14 extended. But if there were to be live racing,
15 what it did was extend the date by which they
16 could apply to the Commission for live racing.

17 COMMISSIONER CAMERON: Correct.

18 CHAIRMAN CROSBY: So, that doesn't
19 imply that they would be a racing licensee.

20 MS. BLUE: Yes. They could apply
21 for live racing.

22 MR. TUTTLE: So, if we are able to
23 finalize our agreement with the horsemen and
24 they're able to conduct a meet at our facility,

1 it would eliminate the need for us to apply for
2 dates. If we are not able to finish our
3 agreement with the horsemen and we need to
4 apply for dates in order to be eligible to
5 simulcast, we're prepared to do so.

6 MS. BLUE: So, we would need to look
7 at -- Yes, we would have to see what the
8 legislation looked like because there are a lot
9 of intricacies of 128A that would have to be
10 addressed by the Legislature.

11 COMMISSIONER CAMERON: Okay. I
12 think the critical issue here is timing for all
13 of us. I know you're aware of that and I know
14 the horsemen are aware of that. So, we will
15 wait until we see -- see what the legislation
16 looks like and then we'll have a legal review
17 done and move forward.

18 MR. TUTTLE: Thank you very much.

19 COMMISSIONER CAMERON: Thank you.

20 CHAIRMAN CROSBY: We have a couple
21 of representatives from Mass. Breeders, Kevin
22 Considine and George Brown, welcome.

23 MR. CONSIDINE: Good morning, Mr.
24 Chairman, Commissioners.

1 COMMISSIONER CAMERON: Good
2 afternoon.

3 MR. CONSIDINE: Oh, I'm sorry. Good
4 afternoon. For the record, my name is Kevin
5 Considine and I represent the Massachusetts
6 Thoroughbred Association, Inc. With me is Mr.
7 George Brown the chairman of the board.

8 And we are here for a very simple
9 request that the Commission release to the
10 Thoroughbred Breeders Association \$93,600. And
11 I would like to respectfully refer the
12 Commission to the letter we submitted dated
13 January 14, which contained attached several
14 sections of the applicable statutes which
15 demonstrate that by act of the Legislature in
16 1991 this corporate entity was established as
17 the recipient of funds for the breeders.
18 They've been in continues existence since that
19 time.

20 And the statute also provided that
21 eight percent of the monies received by the
22 organization could be used for administrative
23 expenses, promotion, advertising and related
24 expenses. And that it what we're focused on

1 today.

2 It's got nothing to do with races.
3 It's got nothing to do with money that may be
4 eligible under the Race Horse Development Fund
5 to pay bonuses on stakes races or Mass. bred
6 races.

7 This is strictly that section of the
8 statute that allocates eight percent for
9 administrative expenses.

10 CHAIRMAN CROSBY: Are you saying 80
11 percent or eight percent?

12 MR. CONSIDINE: Eight.

13 CHAIRMAN CROSBY: Eight, where is
14 the eight?

15 MR. CONSIDINE: The eight is
16 contained in Chapter 114 of the Acts of 1991,
17 which is Exhibit A to the letter that we
18 submitted. And I think you'll find the
19 language in the last paragraph of that statute.

20 If I could draw your attention to
21 page 232, second to the last paragraph. The
22 last paragraph concern the annual audit. But
23 the penultimate paragraph provides the Mass.
24 Thoroughbred Breeders Association, Inc. is

1 hereby further authorized to expend up to eight
2 percent of the amount received each fiscal year
3 for said program for advertising, marketing
4 promotion and administration of the breeding
5 program.

6 CHAIRMAN CROSBY: This is page 232?

7 MS. BLUE: It's Exhibit A to their
8 letter. It's on the very bottom. It's 232 of
9 our statute. So, it's in tiny print on the
10 bottom of the letter.

11 CHAIRMAN CROSBY: Oh, all right,
12 section four. I see. Okay, got it.

13 MR. CONSIDINE: And what I'd like to
14 point out to the Commission, because listening
15 to today's events there seems to be some
16 confusion between the role of the breeders
17 organization and that of the horsemen's
18 organization.

19 The breeders organization really has
20 two branches. One is to promote and develop
21 the breeding of thoroughbred horses in
22 Massachusetts, which is an ongoing process,
23 which has nothing to do quite frankly with
24 whether races are held here.

1 And the second aspect of the program
2 is to award bonus money to races that do occur
3 here. But the existence of these farms, the
4 existence of the breeding program goes on
5 notwithstanding whether there's any actual
6 racing.

7 The number of \$93,600 is my math.
8 Of course, it would be subject to be checked by
9 the Commission and the staff. But when one
10 looks at section 16, the percentage of money
11 that's supposed to go to breeding and just
12 applies the eight percent for administrative
13 expenses that's the number that I came up with.

14 CHAIRMAN CROSBY: That's eight
15 percent of which number?

16 MR. CONSIDINE: That's eight percent
17 of everything that the breeders association is
18 entitled to by the statutes.

19 CHAIRMAN CROSBY: From simulcast?
20 From whatever?

21 MR. CONSIDINE: That's a good
22 question. So, the breeders program over the
23 years has been funded by a percentage of the
24 handle. But what we're looking for here is

1 just the percentage they're entitled to under
2 the Race Horse Development Fund.

3 CHAIRMAN CROSBY: Okay. I thought
4 you said it isn't about the Race Horse
5 Development Fund, but it is.

6 MR. CONSIDINE: Yes, it is. I'm
7 sorry.

8 CHAIRMAN CROSBY: So, is this eight
9 percent of the 16, one half of the 16?

10 MS. BLUE: It's eight percent of the
11 16 which is not necessarily half of 16. It's a
12 percentage of that number.

13 CHAIRMAN CROSBY: Of the 16?

14 MS. BLUE: Of the 16, yes.

15 CHAIRMAN CROSBY: So, it's eight of
16 16 of 75?

17 MS. BLUE: Yes, exactly.

18 MR. CONSIDINE: Yes.

19 COMMISSIONER CAMERON: I spoke to
20 you briefly about this yesterday. You have had
21 a chance to take a look at this and conduct an
22 analysis?

23 MS. BLUE: So, we traced through all
24 the sections of the statute that pertain to

1 racing. We believe that they've all been
2 extended in the legislation that extended
3 everything for two more years.

4 Numbers aside, which we would work
5 with CFAO Lennon on, it would make sense that
6 they get their 16 percent. And then the
7 statute allows them to use up eight percent of
8 that for marketing and other purposes.

9 COMMISSIONER CAMERON: I know we
10 spoke about this earlier, some kind of a
11 verification that this is the --

12 MS. BLUE: We would want to approve
13 the group. The Commission would want
14 verification they represent the breeders. The
15 Commission would approve them.

16 CHAIRMAN CROSBY: We've done that in
17 the past, right?

18 MS. BLUE: You have done that in the
19 past, yes.

20 CHAIRMAN CROSBY: All right. So, it
21 seems like subject to a couple of
22 administrative matters which is evidence to the
23 satisfaction of our counsel that you are who
24 you say you are and have been, and that the

1 arithmetic gets worked out right, we would be
2 prepared on a fairly noncontroversial way, so
3 I'd be comfortable doing it with the three of
4 us to authorize this expenditure.

5 MS. BLUE: That's right, yes.

6 CHAIRMAN CROSBY: Just out of
7 curiosity, is it eight of the 16 or is it half
8 of the 16 because it's eight?

9 MS. BLUE: No, it's eight of the 16.
10 So, it wouldn't be half. It's not eight of the
11 total. It's eight of the 16.

12 COMMISSIONER STEBBINS: Just for
13 clarification that the letter you sent us back
14 on the 14 asked for \$1.1 million and change?

15 MR. CONSIDINE: Yes.

16 COMMISSIONER STEBBINS: So, this is
17 a refinement for the \$93,600?

18 MR. CONSIDINE: Yes. What the
19 \$1,170,000 represents is what the breeders
20 association would be entitled to if it were
21 paying bonuses on purses. That would also
22 include the eight percent that represents the
23 administrative fees. But because there is no
24 racing and there are no bonuses being paid on

1 Mass. bred races --

2 CHAIRMAN CROSBY: That's the 16
3 percent. The 16 percent is the \$1.1 million.

4 MR. CONSIDINE: Yes.

5 CHAIRMAN CROSBY: And the 93,000
6 more or less eight percent of a \$1.1 million?

7 MR. CONSIDINE: Yes.

8 CHAIRMAN CROSBY: Okay. Is that
9 clear?

10 COMMISSIONER STEBBINS: Yes.

11 CHAIRMAN CROSBY: All right. Is
12 there a discussion on this? Horse racing
13 Commissioner Cameron.

14 COMMISSIONER CAMERON: Did you have
15 a comment before we --

16 MS. BLUE: No.

17 COMMISSIONER CAMERON: So, I move
18 that we authorize the Thoroughbred Breeders
19 Association to -- I authorize the General
20 Counsel to work with the Thoroughbred Breeders
21 Association in order to facilitate the eight
22 percent percentage for the breeders to use as
23 directed. And that's out of the 16 percent,
24 eight percent of the 16 percent. Obviously,

1 these numbers have to be verified through our
2 legal staff and agreed upon.

3 MS. BLUE: And I would suggest that
4 if we're doing this, we do this now for both
5 groups of breeders. We have two groups of
6 breeders. They're both covered by the same
7 type of language.

8 So, if we could just have them
9 provide to me, the General Counsel, the
10 materials so we can get them approved by the
11 Commission and we can work on the numbers, I
12 think that would be helpful.

13 COMMISSIONER CAMERON: So, let me
14 amend that. So, I move that we authorize both
15 breeders organization to work with our General
16 Counsel in order to verify numbers and
17 distribute the eight percent as discussed.

18 CHAIRMAN CROSBY: Right. Second?

19 COMMISSIONER STEBBINS: Second.

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

22 COMMISSIONER CAMERON: Aye.

23 COMMISSIONER STEBBINS: Aye.

24 CHAIRMAN CROSBY: Opposed? The ayes

1 have it unanimously.

2 MR. CONSIDINE: Thank you.

3 CHAIRMAN CROSBY: Have any other
4 speakers come who were not on the sign-up
5 sheet? Then I think we are concluded with this
6 item; is that right?

7 MS. BLUE: Yes, we are.

8 CHAIRMAN CROSBY: We are concluded
9 with item four. It is now 12:30. These other
10 matters are pretty brief, right?

11 Let's take a quick break and then
12 we'll come back and finish our business and not
13 take a lunch break. We will be back shortly.

14
15 (A recess was taken)

16
17 CHAIRMAN CROSBY: We are ready to
18 reconvene public meeting number 145.

19 We had some confusion about the
20 sign-up sheet. We do have two more speakers on
21 the prior topic who will introduce themselves
22 since I don't have the proper information.

23 We also have had a request for
24 everybody using the mics, the Commissioners to

1 speak up a little bit. Put the mics close to
2 your mouth so that everybody can hear.

3 So, why don't you gentlemen
4 introduce yourselves and you're invited to
5 speak. You first, Sir.

6 MR. BROOKER: Chairman Crosby,
7 members of the Commission, I'm Paul C. Brooker,
8 the National Director of the Horseshoers Union
9 and Allied Trades local 947 SEU.

10 My concern today is the inactivity
11 of racing has caused a lot of problems and a
12 lot of worries. Families are worried about
13 their finances their home and their social
14 life. It has also caused the demise of many
15 venues.

16 We lost the Eighth Hole, which is a
17 great social and economic help to racetrackers.
18 I'm an old Marine sergeant, and I'm used to
19 representing speaking up to my troops.

20 The buzzword today in business and
21 politics is transparency. And until today I
22 have received no information or insight on the
23 procedures of what is happening especially at
24 Suffolk Downs, which was my main concern. The

1 only solid information I have received is from
2 Mr. George Carney who definitely does want
3 racing at Brockton. And he is a great person
4 to work with.

5 I worked at Suffolk Downs for 43
6 years. And I have no great complaints about
7 it. But we need to know what is happening. I
8 do not have the privy of closed door meetings.
9 I don't know what is happening. I cannot relay
10 this information to my people.

11 I have four horseshoers left up here
12 in this area containing myself. My other
13 horseshoers are spread out across the nation
14 and they don't know if they're going to come
15 back because they don't know because I can't
16 tell them whether it is ongoing.

17 I'm not saying it's you. But the
18 main concern which definitely is a priority is
19 the casino issue. Racing is the red-headed
20 stepchild. Let's face it. That's the truth.
21 But it's been here forever and ever. The
22 lottery has killed racing.

23 For every increase in lottery money
24 we saw a corresponding decrease in racing.

1 This goes back to when I came here from New
2 York in 1971. You're not going to kill the
3 lottery. It's there. But racing needs to
4 continue. The demise of the Eighth Hole, the
5 demise of some farms, breeders, ancillary
6 services to racing is on the way out unless
7 it's reconstructed.

8 And it's got to be reconstructed in
9 a reasonable frame of time and put extended
10 racing days. When I came up here in 1971, my
11 job in the paddocks, I made \$56,000 a year just
12 in the paddocks not what I made on my own. My
13 W-2 form for this year was \$12,500.

14 And I'm fortunate that I have my
15 Social Security. I'm 79 years old. I have my
16 VA disability and I have rental income. The
17 majority of the people on the racetracks do not
18 have this. You are costing this state a lot of
19 money in unemployment. And taxes that these
20 people would generate by their spending is no
21 longer there.

22 This thing needs to be expedited to
23 let us know that either we're dead, we'll bury
24 you or we're going to go on and continue and

1 have live profitable racing. It can be done.
2 And I wish you gentlemen would look -- and you
3 too young lady into it.

4 COMMISSIONER CAMERON: Mr. Brooker,
5 I believe I saw you here at the beginning of
6 the hearing today, correct?

7 MR. BROOKER: Correct.

8 COMMISSIONER CAMERON: So, you heard
9 all of our speakers previously?

10 MR. BROOKER: That's right. I
11 received more information and insight.

12 COMMISSIONER CAMERON: You know as
13 much as we do right now.

14 MR. BROOKER: That is the undecided,
15 definitely undecided.

16 CHAIRMAN CROSBY: I know I speak for
17 all of the Commissioners. There are real
18 people behind these problems. We understand
19 that. Talking about money is not just an
20 abstract concept. There are people who can't
21 pay their bills who don't know whether they've
22 going to have certain kinds of insurance, whose
23 pensions are at risk, whose jobs are in -- We
24 fully appreciate that.

1 And we're trying to approach this as
2 expeditiously as we possibly can, understanding
3 that there are real people out there.

4 Most of the stuff you talk about, as
5 Commissioner Cameron said, is not within our
6 control, whether the industry and the tracks
7 can figure out a way to put together an
8 economically viable deal. If you've been at
9 Suffolk Downs for 46 years, you know those
10 folks better than we do.

11 But we're certainly doing everything
12 we can to try to aid and move the process where
13 we do have a role as fast as we can, and to
14 encourage the parties to move and to be as
15 transparent as they can.

16 They've got business negotiations
17 going on. You can understand what the issues
18 are. But we're certainly doing our best to
19 accommodate what you're asking.

20 MR. BROOKER: I understand that.
21 And I realize you people have people to answer
22 to just as I do. And that's not always an easy
23 task because as you well know if you get 100
24 people together, you get 99 opinions and that

1 98 of them are wrong. Yours is right. Thank
2 you very much.

3 COMMISSIONER CAMERON: Thank you,
4 Mr. Brooker.

5 CHAIRMAN CROSBY: Thank you for
6 coming.

7 MR. LAGORIO: William Lagorio,
8 longtime trainer at Suffolk Downs, 30 plus
9 years resident of Revere. I have read
10 everything.

11 And I'm hoping and praying that
12 Suffolk Downs and our group can come to terms.
13 And I understood everything that was said
14 today. I just want to say that from a
15 horseman's standpoint, standardbred or
16 thoroughbred, we're all brothers in horse
17 racing. And the standardbred people understand
18 that they need to support us as much as they
19 can.

20 I certainly thank and wished them
21 well when the Commissioners awarded the license
22 to Plainridge. And I thought that was a great
23 step in the standardbred industry. And it
24 saved an industry.

1 Our industry is on the cusp. And
2 the important thing here, and President Spadea
3 of the HBPA said it, time is of the essence. I
4 wish that we had a deal already in place.

5 The essential thing to us is that
6 any interruption in racing, for example, if we
7 don't get something done and we have
8 interruption for a year or so, we probably will
9 lose the core of our New England people.

10 So that when -- And in principle 23K
11 made a provision to escrow some of that money,
12 it's possible that if we resurrect this in two
13 years that that money will go to New Jersey
14 folks coming up, New York, Maryland etc., etc.
15 So, we'll lose our core values, all of our
16 people who sat it out. And we really sat it
17 out and waited a long, long time.

18 I have the benefits. I plow for
19 MassDOT. So, I've had a great year. But I
20 know many of my fellow horsemen are down south.
21 And right now they are on seaweed and cold
22 water rations because it's very difficult down
23 there to compete.

24 Our core is here. Our values are

1 here. And I know the Commission is aware of
2 that. When the license was awarded to Wynn
3 Resort, I wished them luck. I might be the
4 first one over there on opening day to see what
5 goes on.

6 But I also heard the Commission say
7 that they would do anything and everything.
8 And you guys had a special meeting in order to
9 preserve racing, thoroughbred racing in
10 Massachusetts. I only ask that if in fact we
11 can in principle get a deal done with Suffolk
12 Downs, we can work out the logistics to keep it
13 going. Because that money for us to keep
14 racing going for two years, even if it is 50
15 days, which for me is very difficult.

16 The horsemen will have a difficult
17 time with 50 days. The thing that helps us is
18 the horse population is down. Everybody will
19 have an opportunity to make money. But it
20 simply lies that we need to race this year. If
21 we lose that we will lose some of the breeding
22 farms.

23 I have a mare in Florida that's
24 going to foal there just by design, but I wish

1 I had her up here. I have money invested in
2 other racehorses. And I have clients. I have
3 two doctors I train for. And they're looking
4 forward to coming back. And it does infuse a
5 lot of money into the local economy.

6 So, I would just ask that the
7 Commission continues the work they're doing.
8 Commissioner Cameron has done great work on our
9 racing side. And Commissioner Crosby and
10 Stebbins have all done great work. But we need
11 you now more than ever to help us to keep this
12 going.

13 And I know we need a deal done
14 there, but if we can get that done I implore
15 you to expedite things as soon as you can so
16 that we can in fact get a meet together. And
17 that will save our industry. And I thank you
18 for your time, and I thank you for all of your
19 help.

20 COMMISSIONER CAMERON: Thank you,
21 Sir. I appreciate it.

22 CHAIRMAN CROSBY: Thank you both
23 very much. Okay, item number five, Racing
24 Division. You may have thought we just did

1 racing, Alex.

2 DR. LIGHTBOWN: Good afternoon,
3 Chairman Crosby and Commissioners. In your
4 packet you have a review of the furosemide
5 program that we began in 2014.

6 This was an effort to comply with
7 the model rules with RCI, their third-party
8 license administration program but also to
9 realize the local considerations. After we did
10 this review -- I'll go back.

11 I'm not sure if you know what
12 furosemide is. It's the only medication that's
13 allowed on race day. It's used to treat
14 exercise-induced pulmonary hemorrhage, which is
15 bleeding from the lungs in thoroughbreds.

16 And this program that we instituted
17 was to kind of tighten the controls on this.
18 So. Sergeant Babbin after doing the review,
19 came up with several recommendations.

20 One of them was comprehensive
21 training for the all involved, our Commission
22 personnel, the trainers, stewards, etc. Also
23 to have our employees sign a document saying
24 that they understand the program, strict

1 adherence to the program including disciplinary
2 action if it's not adhered to. And a monthly
3 review by the Director of Racing or her
4 designee.

5 And in addition to that I recommend
6 that we review and update the standard
7 operating procedures that we developed, and
8 have a meeting with our MGC legal staff and the
9 judges and the stewards to go over enforcement
10 issues.

11 Additionally, we are planning on
12 forming a working group to look at the
13 furosemide issue with input from the
14 stakeholders and see if we can further develop
15 this program. Do you have any questions?

16 COMMISSIONER CAMERON: I am very
17 familiar with this issue. I'm happy to see
18 that there was no fraud or misconduct with
19 these violations. The investigation revealed
20 no fraud or misconduct.

21 I agree with the recommendations
22 that training is an integral part of moving
23 forward in a consistent manner, both tracks the
24 same message. Everyone trained by the

1 guidelines.

2 The working group also an excellent
3 idea, because I know that there is some states
4 will allow a little leeway, other jurisdictions
5 will not. So, I think the working group with
6 all of the stakeholders to really determine
7 what is best here in the Commonwealth.

8 And then the training, sign for the
9 fact that you received the training, you
10 understand the guidelines. And then discipline
11 if there are violations after that. So, I
12 think the recommendations are sound.

13 I thank you for taking the lead on
14 this. Director Day putting the working group
15 together is an excellent idea. And I think
16 this will give clear direction to everyone
17 moving forward.

18 COMMISSIONER STEBBINS: First of
19 all, I'm probably no better educated on this
20 drug than I had any anticipation when I started
21 reading the memo. I want to get down to the
22 end of it where you talk about adopting some
23 policies and changes in advance of the harness
24 racing season.

1 Can you just kind of give me a
2 timeline for you talk about maybe having some
3 recommendations. Do you see those coming back
4 to us before Plainridge starts their season?

5 DR. LIGHTBOWN: What we'll do with
6 the working group is discuss these issues,
7 explore in further depth what some of the other
8 jurisdictions do as far as leeway. We may
9 decide not -- that leeway is not a good way to
10 go. I don't know where the group will end up.

11 Also the group may not come to a
12 consensus. But we thought it would be a good
13 idea at this point to involve everyone and
14 explore the issue further. Then once that is
15 down, we'll come back with a report. And if
16 there are any specific recommendations that
17 everyone can agree on, we'll bring those
18 forward.

19 CHAIRMAN CROSBY: Will this group
20 take Sergeant Babbin's suggestions too and
21 decide whether or not to incorporate them? Or
22 have you already incorporated them?

23 DR LIGHTBOWN: I think today we're
24 asking to go ahead and approve those, Sergeant

1 Babbin's and then the two at the end as far as
2 mine, the standard operating procedure update
3 and having a meeting with legal. And then what
4 we'll do is we'll see what develops from the
5 working group and if there is something we can
6 bring forward from that, we'll bring that also
7 separately.

8 CHAIRMAN CROSBY: Okay. So, the
9 working group is going to be looking at the
10 timing issue, how strict do you want to be and
11 whatever other issues come up. Is the working
12 group also doing the review and update of SOP?

13 DR. LIGHTBOWN: We'll be working on
14 the SOP. And certainly if we decide to go with
15 something a little bit different from what we
16 did last year that would need to be
17 incorporated. So, that would be updated after
18 the working group. The finishing touches
19 actually would be put on after that.

20 MR. DAY: That means we'd
21 essentially take any suggestions we get from
22 the working group, those we want to move
23 forward would be incorporated in our policies
24 and procedures. And that would be retraining

1 accordingly.

2 CHAIRMAN CROSBY: Right.

3 MR. DAY: The plan would be is to
4 move forward with the recommendations that are
5 outlined here. And letting the Commissioners
6 know that this is the direction we wanted to
7 go. And then ask if you have any different
8 directions or suggestions. Otherwise, we'll
9 proceed as we've outlined.

10 COMMISSIONER CAMERON: I think the
11 plan is sound. And I also want to commend the
12 Racing Division for recognizing an issue,
13 working collaboratively with legal and IEB to
14 investigate the matter and come up with
15 recommendations, the working group being one of
16 those recommendations. So, I think it's a
17 sound way to move forward.

18 CHAIRMAN CROSBY: I don't think you
19 need us to vote on these.

20 MS. BLUE: No. This was just a
21 briefing.

22 CHAIRMAN CROSBY: Great.

23 COMMISSIONER CAMERON: Thank you
24 very much.

1 MR. DAY: Now unclaimed wagers.

2 MR. O'DONNELL: Good afternoon, Mr.
3 Chairman and Commissioners. I want to discuss
4 the unclaimed wagers from 2013.

5 You have letters in your packets
6 pertaining to the winnings on wagers from the
7 different licensees, the racing and
8 simulcasting facilities specifically Suffolk
9 Downs, Plainridge Racecourse, Wonderland and
10 Raynham/Taunton.

11 In accordance with the General Laws
12 of Massachusetts Chapter 128A section 5,
13 unclaimed winnings on wagers are payable to the
14 Commonwealth within 90 days of 12/31 of the
15 year following in which the wager was made. So
16 again, this will be for the unclaimed tickets
17 for 2013.

18 We've reviewed the outstanding
19 ticket account, better known as the outs books
20 which was provided by the tote companies. And
21 we have determined the following monies owed to
22 the Commission from the unclaimed tickets.
23 Suffolk Downs is \$293,054.65. Plainridge
24 Racecourse is \$138,036.61. Wonderland is

1 \$19,080.81. And Raynham/Taunton is
2 \$157,119.84.

3 The letters in the packet will be
4 distributed and sent to the tracks with your
5 approval. Once that is done and the monies are
6 received from the Commission, we then send out
7 a memorandum regarding where the monies are
8 disbursed.

9 And for Suffolk Downs and Plainridge
10 under Chapter 139 section 10 and 20, they are
11 distributed back to the purse accounts. The
12 payments regarding Wonderland and Raynham will
13 go to the Racing Stabilization Fund, which is
14 pursuant to Chapter 86 of the Acts of 2010
15 section 14. This is done in a fairly
16 reasonable timeframe once we do receive the
17 monies from the tracks.

18 COMMISSIONER CAMERON: This is in
19 keeping with how we've been handling this
20 matter for years. Is there any difference here
21 because of the uncertainty with racing at
22 Suffolk Downs?

23 MR. O'DONNELL: This money, from
24 what I understand, is earmarked for 2013.

1 COMMISSIONER CAMERON: I see. Okay.

2 CHAIRMAN CROSBY: Do I read this
3 correctly that the payments from Sterling
4 Suffolk and from Plainridge, we will receive,
5 we will then immediately turn around and send
6 it back to them to go into their purse
7 accounts?

8 MR. O'DONNELL: Yes. Once we
9 receive the money once the letters are sent out
10 to the respective tracks, Plainridge and
11 Suffolk Downs those monies that were received
12 from the unclaimed tickets -- we have to
13 receive them by 4/1 or before. Once the money
14 is cleared, we will then distribute that money
15 to the purse accounts for those two
16 establishments.

17 Regarding the other two, Raynham and
18 Taunton (SIC) those monies are earmarked for
19 the Racing Stabilization Fund.

20 CHAIRMAN CROSBY: It just seems a
21 little weird. Why do they have to send us the
22 money and we send it back to them?

23 COMMISSIONER CAMERON: It's an
24 accounting. All of the numbers are verified.

1 All of the monies are collected. We are
2 verifying that the monies that the totes supply
3 that the numbers are correct. It's all
4 accounted for, logged properly and resubmitted.
5 It really is more of an accounting practice.

6 MR. O'DONNELL: It's in the statute.
7 And that's the way it's been done.

8 CHAIRMAN CROSBY: Okay. Whom am I
9 to question the way it's been done? Okay. It
10 seems straightforward.

11 MR. O'DONNELL: So, we need your
12 approval on the letters to send the letters
13 out.

14 CHAIRMAN CROSBY: By vote?

15 MS. BLUE: Yes, please.

16 COMMISSIONER CAMERON: I'll move
17 that the 2013 unclaimed tickets from horse
18 races, unclaimed tickets from dog tracks, the
19 recovery of unclaimed winnings at all of the
20 tracks -- at each of the tracks I move that we
21 authorize the Racing Division staff to --

22 CHAIRMAN CROSBY: -- send the letter
23 as written.

24 COMMISSIONER CAMERON: Yes. To

1 collect the monies and send them back as
2 appropriate as the statute reads.

3 MR. O'DONNELL: We need the approval
4 to send the letters out now. Once we receive
5 the monies and have them in-house, we will need
6 your approval to again disperse those monies.

7 COMMISSIONER CAMERON: So, we are
8 authorizing the letters at this point to go
9 out, the monies to come in and authorize also
10 to the appropriate distributions back to the
11 tracks.

12 MR. O'DONNELL: Correct.

13 CHAIRMAN CROSBY: Second?

14 COMMISSIONER STEBBINS: Second.

15 CHAIRMAN CROSBY: All in favor, aye.

16 COMMISSIONER CAMERON: Aye.

17 COMMISSIONER STEBBINS: Aye.

18 CHAIRMAN CROSBY: Opposed? All
19 right.

20 MR. O'DONNELL: We like to keep
21 things simple in racing.

22 CHAIRMAN CROSBY: Yes, I see that.

23 Thank you.

24 COMMISSIONER CAMERON: Thank you.

1 CHAIRMAN CROSBY: I think that's it.

2 Is there anything else, Director Day?

3 MR. DAY: Nothing here.

4 CHAIRMAN CROSBY: Any Commissioners?

5 Do we have a motion to adjourn?

6 COMMISSIONER CAMERON: Yes.

7 CHAIRMAN CROSBY: Second?

8 COMMISSIONER STEBBINS: Second.

9 CHAIRMAN CROSBY: All in favor, aye.

10 COMMISSIONER CAMERON: Aye.

11 COMMISSIONER STEBBINS: Aye.

12 CHAIRMAN CROSBY: We are adjourned.

13 Thank you.

14

15 (Meeting adjourned at 1:01 p.m.)

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1 ATTACHMENTS:

- 2 1. Massachusetts Gaming Commission February
3 19, 2015 Notice of Meeting and Agenda
4 2. Massachusetts Gaming Commission February
5 5, 2015 Meeting Minutes
6 3. Massachusetts Gaming Commission letter to
7 Suffolk Downs Workers
8 4. Massachusetts Gaming Commission CMS
9 Pricing Options with Addendum
10 5. Racing Materials
11 6. Massachusetts Gaming Commission February
12 12, 2015 Memorandum Regarding Furosemide
13 Administration Program
14 7. Massachusetts Gaming Commission February
15 11, 2015 Memorandum Regarding 2013
16 Unclaimed Tickets to Purse Accounts with
17 attachments

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1 GUEST SPEAKERS:

2 Jackie Mancini, GTECH Corporation

3

4 Paul Brooker, Suffolk Downs

5 George Carney, Raynham/Taunton Racetrack

6 Martin Corry, Esq., Harness Horseman's

7 Association of New England

8 Frank Frisoli, Esq., HBPA

9 William Lagorio, Suffolk Downs

10 Louis Raffetto, New England Horsemen's

11 Agricultural and Racing Corporation

12 Anthony Spadea, HBPA

13 Chip Tuttle, Suffolk Downs

14

15

16 MASSACHUSETTS GAMING COMMISSION STAFF:

17 Catherine Blue, General Counsel

18 Richard Day, Executive Director

19 Danielle Holmes, Staff Attorney

20 Derek Lennon, CFAO

21

22 Dr. Alex Lightbown, Racing Division

23 Doug O'Donnell, Racing Division

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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 20th day of February, 2015.



LAURIE J. JORDAN
Notary Public

My Commission expires:
May 11, 2018