

THE COMMONWEALTH OF MASSACHUSETTS

MASSACHUSETTS GAMING COMMISSION

PUBLIC MEETING #110

Volume II

CHAIRMAN

Stephen P. Crosby

COMMISSIONERS

Gayle Cameron

James F. McHugh

Bruce W. Stebbins

Enrique Zuniga

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February 26, 2014 9:30 a.m.

BOSTON CONVENTION AND EXHIBITION CENTER

415 Summer Street, Room 104

Boston, Massachusetts

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

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CHAIRMAN CROSBY: Good morning,

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ladies and gentlemen. We will reconvene Gaming

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Commission meeting number 110 on February 26 at

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9:35. This is a continuation of our evaluation

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and eventual deliberation of the RFA-2

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applications from the three Category 2

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applicants.

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Yesterday we did the site and

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building design and finance. And today we will

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hope to do the remaining three mitigation,

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economic development and the general overview

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section.

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We, yesterday had some questions

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raised both by the Commission, first by the

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Commission that required a little more

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research. And we also invited applicants to

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notify us if they thought that anything they

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saw constituted a factual mistake in the

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presentations.

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Those were to go to Ombudsman

24

Ziemba. And he and staff would vet and if

1 necessary bring them to our attention.  
2 Ombudsman Ziemba, do you want to bring us up to  
3 date on where you are.

4 MR. ZIEMBA: Thank you, Mr.  
5 Chairman. We received a number of questions  
6 from applicants as late as, I think, 11:00 last  
7 night. We're reviewing those questions. In  
8 some regards they may have veered beyond just  
9 issues of facts, involving questions of  
10 interpretation by the Commissioners or  
11 interpretations by the teams.

12 So, what we are asking each of the  
13 applicants to do for further questions is to  
14 please just stick with questions of fact or  
15 material errors of fact that were raised in the  
16 presentations. I understand that if a  
17 Commissioner is making what in the opinions of  
18 an applicant is a mistake in interpretation,  
19 the difference between interpretation and fact  
20 could be contested in that regard.

21 What we will do is we will work with  
22 each of the individual Commissioners in charge  
23 of the area to determine what other questions  
24 are questions of material fact of error --

1 material errors of fact and which are new  
2 issues or supplements to the application. Then  
3 we will address those questions which are  
4 material errors.

5           In regard to timing, what I was  
6 going to recommend is that potentially what we  
7 could do is we would answer all of the  
8 questions as a group. Further presentations  
9 are forthcoming today. And potentially, what  
10 we could do is we could set aside some time maybe  
11 perhaps tomorrow, tomorrow morning to address  
12 all of those questions as one group.

13           And given that staff needs some time  
14 to work with the Commissioners on these  
15 questions, we potentially may want to establish  
16 a timetable or a timeline for sending those  
17 questions to us. Perhaps something like two  
18 hours after the close of the presentations, all  
19 of those questions need to be presented to the  
20 Commission and its staff.

21           CHAIRMAN CROSBY: So, bottom line  
22 what you are suggesting is first of all, that  
23 everybody be reminded that this is a matter of  
24 raising what an applicant believes was a

1 mistake of fact in the presentation.

2           This is not an opportunity to answer  
3 questions that we've raised that were not  
4 answered in the Phase 2 application. This is  
5 not an opportunity to enhance. This is not an  
6 opportunity to debate our interpretations.  
7 This is an opportunity to correct facts.  
8 That's number one.

9           Number two, you're suggesting that  
10 relative to today's presentations, that we set  
11 a two-hour deadline from the time we adjourn  
12 today to two hours thereafter for issues,  
13 factual issues to be presented to you.

14           And three, you're suggesting that  
15 you come back to us sometime tomorrow,  
16 presumably first thing in the morning if you  
17 are ready, which would be good because that  
18 will precede our then beginning to deliberate  
19 on the process, deliberate on what we've heard.  
20 At that point, you will address both questions  
21 from yesterday and questions from today.

22           MR. ZIEMBA: Correct. And in the  
23 meantime, I'll try to find time to work with  
24 the Commissioners on those questions.

1                   CHAIRMAN CROSBY: I just want to  
2 make sure. Work with the Commissioners means  
3 what?

4                   MR. ZIEMBA: So, I will forward the  
5 questions to the individual Commissioners in  
6 charge of that area.

7                   CHAIRMAN CROSBY: So, if a question  
8 is raised about Commissioner McHugh's area,  
9 you'll communicate with him.

10                  MR. ZIEMBA: Correct.

11                  CHAIRMAN CROSBY: But I didn't want  
12 people think that we would be talking about the  
13 answers to these questions amongst ourselves.  
14 That will not be the case.

15                  MR. ZIEMBA: That is correct.

16                  CHAIRMAN CROSBY: You're talking  
17 about going to the individual Commissioner  
18 about whose presentation the question was  
19 raised, fine.

20                  MR. ZIEMBA: Yes.

21                  CHAIRMAN CROSBY: Okay. There also  
22 were raised a couple of questions, at least a  
23 couple of questions by Commissioners about the  
24 presentations where the presenter, Commissioner

1     Zuniga or Commissioner McHugh was going to go  
2     back and do some work with his team.

3             Let's to make this all simple, let's  
4     lump the answers to those issues and any others  
5     that come up today from the presentations into  
6     tomorrow's -- early, first thing in the morning  
7     presentation as well. So, we'll postpone your  
8     questions and yours Commissioner until tomorrow  
9     as well.

10            MR. ZIEMBA: Perhaps Commissioner  
11     and I can determine who goes first to see what  
12     happens tomorrow.

13            CHAIRMAN CROSBY: Right. It occurs  
14     to me -- Two things that occur to me. I want  
15     to reiterate what I said yesterday morning,  
16     which is that we now come to crunch time.  
17     Everybody's been involved in this a long time.  
18     There's been a tremendous commitment of  
19     resources and passion by a lot of people,  
20     applicants, host communities, public officials,  
21     surrounding communities.

22            We will have to make a decision.  
23     One will be selected probably two will not.  
24     And that's in the nature of life and in the

1 nature of the process and in the nature of  
2 capitalism and that's the way it is. But I  
3 want to reiterate the appreciation that I at  
4 least have for all of you folks.

5           And I can imagine that it must be  
6 kind of challenging in some cases to see us  
7 sitting here talking about your futures. But I  
8 think that's an awful lot better than if we had  
9 these conversations in private and only came  
10 out with a decision.

11           The purpose here, it was in the  
12 legislative intent, and I think we've  
13 interpreted the legislative intent as broadly  
14 as it can be interpreted in terms of the  
15 transparency of the process. You and the  
16 public have the right to hear how we analyze  
17 and evaluate these applications; how we  
18 interpret them; what values we impose; what  
19 questions we have and how we eventually make  
20 this decision.

21           It's a little bit in the nature of  
22 the sausage process that everybody talks about,  
23 but in the final analysis I think it's in the  
24 public interest and the right thing to do. So,



1 just by way of introduction.

2 MR. ZIEMBA: Thank you.

3 CHAIRMAN CROSBY: Is everybody okay  
4 with that process?

5 COMMISSIONER CAMERON: Yes.

6 CHAIRMAN CROSBY: Any other comments  
7 before we get started? We will start with  
8 Commissioner Cameron on the mitigation  
9 evaluation criteria.

10 COMMISSIONER CAMERON: Good morning,  
11 Mr. Chair, fellow Commissioners and everyone in  
12 attendance. Good morning. The portion of the  
13 application that I evaluated was mitigation.  
14 And I thought I would start by, I don't know  
15 that it's clear when you hear mitigation what  
16 that really means. So, this is kind of a loose  
17 definition of what mitigation is when it comes  
18 to this evaluation process.

19 So, what we really evaluated was how  
20 does the applicant demonstrate community  
21 support, mitigate any impacts with the host and  
22 surrounding communities, address the traffic  
23 issues, promote responsible gaming and address  
24 problem gambling, and protect and enhance the

1 Lottery. So, those were the topics with regard  
2 to mitigation that we took a look at.

3 So, as just an overview, we grouped  
4 the 38 questions from the application into four  
5 criteria. Community support, which I deem the  
6 most important frankly. And that included the  
7 host community agreements, the surrounding  
8 community agreements and the impacted live  
9 entertainment venues.

10 Traffic also very important and  
11 other off-site impacts. All of them were very  
12 important, by the way. Let me say that.

13 The third one is measures to promote  
14 responsible gaming and mitigate problem  
15 gambling. And protect and enhance the  
16 Lottery.

17 In particular the last category, we  
18 had a number of questions that we started  
19 informally referring to as check the box  
20 questions. They had to provide information, or  
21 they agreed to comply with regulations. A  
22 number of questions with responsible gaming and  
23 the questions with the Lottery were more in  
24 that category, which is why we're really going

1 to focus quite a bit of time on the community  
2 support and traffic and other impacts.

3 This methodology is probably in  
4 keeping with my training and experience. I  
5 tend to look at things as kind of a mini  
6 investigation. The who, what, when, where and  
7 why of mitigation is how we approached the  
8 materials.

9 The who are who are the consultants  
10 and the subject matter experts that assisted  
11 me. What materials did we look at, what  
12 events, what materials? The review process,  
13 the when, it started back on October 4, the day  
14 these Category 2 applications were due and it's  
15 continued right up and through today.

16 The where, location, location,  
17 location. With mitigation location was site-  
18 specific. What was appropriate and negotiated  
19 in one community, it was different than  
20 something in another community. And we had  
21 three applicants that were very site-specific  
22 and we did look at our presentation from that  
23 lens.

24 And the why, why is mitigation so

1 important to communities. And it really is  
2 important. And as you see, we spent a lot of  
3 time and effort really reviewing the materials  
4 that dealt with the communities and their voice  
5 in this whole process.

6           So, we've all used the same ratings.  
7 So, I'm not going to go through and read them  
8 all. But what's in particularly important to  
9 this presentation is the sufficient rating.  
10 And I say that because of the number of  
11 questions that if you see that second part of  
12 the definition, provided the required or  
13 requested information.

14           In addition, there were forms that  
15 the applicants had to sign agreeing to comply  
16 with regulations. So, there were just about a  
17 good portion of our questions that fell into  
18 that. So, there'll be a number of sufficients  
19 because they really all agreed to comply and/or  
20 provided the requested information.

21           So, we're up to the who section.  
22 And I feel like I was very fortunate to have an  
23 excellent team to advise me on some technical  
24 aspects of this mitigation evaluation. Our

1 Director of Problem Gambling -- Research and  
2 Problem Gambling, Mark Vander Linden, was  
3 invaluable. He brought in another expert, Jeff  
4 Marotta who has his own company, Problem  
5 Gambling Solutions to assist with all of the  
6 questions in dealing with responsible gaming.

7           Gordon Carr from MGC Strategies. We  
8 share the same initials, so we chuckled about  
9 that. One of the nice things about this is the  
10 people you get to know along the way. And  
11 Gordon has been invaluable, commonsense, 20  
12 years' experience in economic development and  
13 project management. So, he was very valuable  
14 to the team.

15           McFarland Johnson and Green  
16 International, these folks really helped with  
17 the traffic with mitigation. And in addition,  
18 we had Rick Moore from City Point Partners who  
19 has helped us recently with some of the traffic  
20 concerns, so, an important part of the team.

21           Pinck and Company, Nancy, Melissa  
22 and Alex were excellent in helping us keep on  
23 track, scheduling meetings, really put the  
24 presentation together. And Kathy O'Toole who

1 is one of our gaming consultants, just a  
2 commonsense, public safety mostly, but best  
3 practices. And she did give me some advice  
4 that I will try to adhere to which is be brief,  
5 be brilliant and be seated. So, we'll see if I  
6 can comply.

7           The what part of this presentation,  
8 we looked at of course all of the questions  
9 pertaining to mitigation in the Category 2  
10 applications. We had input. We considered the  
11 input from the public meetings and the  
12 hearings, the applicant presentations to the  
13 Commission, environmental documents. When I  
14 talk about environmental documents, Mass.  
15 Environmental Protection Agency, Draft  
16 Environmental Impact Reports, traffic impact  
17 and access studies, regional planning agency  
18 reports. There were a number of additional  
19 documents that we consider for mitigation.

20           Public comment letters and emails, I  
21 know the Chair mentioned yesterday that there  
22 were thousands. And we really did look at  
23 every single one. And it was really important  
24 to mitigation to have a good sense of what the

1 public was thinking and what their comments  
2 were.

3           Site visits by subject matter  
4 experts and the Commissioners. That's the  
5 proposed sites here, as well as sites where  
6 these applicants have other gaming  
7 establishments.

8           And website research, I know in  
9 particular for responsible gaming, there was a  
10 lot of website work done and information  
11 gleaned about the applicants in their other  
12 jurisdictions.

13           So, the when, I just put a little  
14 timeline here together. I think it's important  
15 to note that again, I mentioned before these  
16 were submitted that following week we had  
17 applicant presentations. That following week  
18 we had site visits by the experts, and again, a  
19 week later surrounding community hearings.

20           And every single week throughout  
21 this schedule, our team met and spent an awful  
22 lot of time reading materials, evaluating  
23 materials, understanding how we would put this  
24 together. So, we had pretty much weekly

1 meetings.

2           In December, we had host community  
3 hearings. Into January, the Commissioners took  
4 site visits. And we are here today presenting  
5 the findings. So, an awful lot of work was put  
6 into the process.

7           So the where, we looked at maps  
8 yesterday, but what we included here was not  
9 only the host communities and where they are  
10 located, but all of the surrounding  
11 communities. So, the blue lines are the  
12 surrounding communities that the applicants  
13 reached agreements with. You see there's a  
14 dotted kind of a black or dark-blue line that  
15 really differentiates the host communities from  
16 Plainville and Raynham.

17           But I think this was an important  
18 visual, because an awful of work was put into  
19 these surrounding and nearby community  
20 agreements. That just gives you an idea of  
21 those communities that had a -- Thank you.  
22 The Chair would like me to use a tool here and  
23 be able to point out. It's a good point. So,  
24 we just differentiate the difference between



1 the two facilities.

2           So, these are the three proposed  
3 facilities here in the Commonwealth. What I'd  
4 like to say about this is just that we were  
5 fortunate to have, and we would talk about this  
6 as we reviewed the materials. We have three  
7 strong applicants, made the job very difficult.  
8 I think there's an overall recognition by all  
9 of us that any one of them can run a successful  
10 facility. So, we are fortunate to have the  
11 quality of the applicants that we do have. And  
12 with regard to mitigation, they really are  
13 site-specific, these facilities.

14           So, why -- Mitigation is very  
15 important but why is it important? Why was it  
16 an important part of this evaluation process?  
17 It's really important that the community voices  
18 be heard.

19           Traffic issues are a concern to the  
20 general public. Applicants play a key role in  
21 promoting responsible gaming. So, we asked  
22 them a number of questions along these lines to  
23 see what they do in other jurisdictions and  
24 what they propose to do here.

1           And of course it's important to  
2 protect and enhance the Lottery, the most  
3 successful lottery in the country. And I think  
4 all of the applicants took that responsibility  
5 seriously as well. We will talk more about  
6 these individually but this is really the why.

7           Our first criterion, community  
8 support, just a visual from one of our several  
9 meetings out in a surrounding community. So,  
10 we grouped community support into five  
11 different areas. The content of the host  
12 community agreements, there are a number of  
13 questions with regard to that. The host  
14 community agreement election related material.  
15 Public support and public outreach, surrounding  
16 communities and the regional venues, the ILEVS.

17           I mentioned before that community  
18 support was really -- we had the most questions  
19 and we spent an awful lot of time on this area.  
20 So, I'm going to get right into the ratings and  
21 then spend time where there is a difference.  
22 I'm going to spend time where there really is a  
23 difference in the ratings.

24           So, for the content of the host

1 community agreements, I determined that they  
2 were all very good. What we didn't think would  
3 be appropriate to do was compare one to the  
4 other and say, hey, this one is a little more  
5 lucrative. We're going to give that community  
6 a higher score because they were reached with  
7 those public officials, all of the communities,  
8 the host communities were very pleased with the  
9 agreements. And rather than look at them  
10 individually, what we did is look at the time  
11 and effort that went into those agreements.

12           And we thought since this is a new  
13 -- This is not done typically in other  
14 jurisdictions where you need to come to  
15 agreements with the host community, the  
16 surrounding communities. So, we gave them all  
17 a very good for the time and effort that went  
18 into that process.

19           The next category is the host  
20 community agreements election related  
21 materials. In addition to election, we are  
22 talking about advertising and contributions  
23 that come under this category of questions.

24           They are all sufficient. This was

1 one of those check the box. They all supplied  
2 the relevant and requested information with  
3 this category. So, they all were sufficient  
4 with regard to the materials that go with that  
5 host community agreement.

6           The public support and outreach, as  
7 we can see there is a difference here. So, I  
8 am going to spend more time talking about this  
9 in a minute, because again this is a unique  
10 process.

11           And with the ILEVS, we really think  
12 the impacted venues, this probably may be more  
13 significant in the Category 1 where the size  
14 and the size of entertainment venues will be  
15 more in-line with some of those facilities.

16           But there were marketing agreements  
17 and there was one ILEVC that was signed off on.  
18 So, they were all sufficient in this category.

19           COMMISSIONER ZUNIGA: Commissioner,  
20 I am curious which was the ILEV that was signed  
21 for?

22           COMMISSIONER CAMERON: That was the  
23 Music Circus in Cohasset that Raynham signed an  
24 agreement with.

1           The one other thing I wanted to say  
2 about surrounding community where I gave them  
3 all a very good, I didn't spend enough time on  
4 this. Thank you, John for going back. So,  
5 this was a new process for all of them. They  
6 each approached this differently.

7           For example, some of the things we  
8 were impressed by, Plainville there were no  
9 petitions for example. They created a model  
10 agreement that others used portions of that  
11 agreement. So, their approach was successful  
12 in that region.

13           Now Leominster successfully came  
14 through the process but one of the things that  
15 impressed us was for example, Fitchburg was not  
16 designated by this Commission to be a  
17 surrounding community yet Leominster, the  
18 applicant, went back and entered into an  
19 agreement. They wanted to be a good neighbor.  
20 So, we thought that was a point of reference.

21           And with Raynham, it took them a  
22 little longer. They had a couple of  
23 surrounding communities that almost started the  
24 arbitration process, but they stayed with it.

1 They got through the process. They used what  
2 was called a nearby community agreement where  
3 the impacts may not have qualified them for  
4 surrounding but yet they again in an effort to  
5 be a good neighbor entered into these  
6 agreements.

7           And with regard to two of the  
8 surrounding community agreements that took more  
9 time, we received letters from those  
10 communities saying we wanted to be treated as  
11 an individual not using a template. They  
12 listened to us. It took longer, but we're very  
13 pleased with the agreement.

14           So, all of the approaches were  
15 different, but very good and successful thus  
16 the very good rating for all of the surrounding  
17 communities.

18           So, where there is a difference is  
19 the public support and outreach. Some of the  
20 key factors in evaluating this aspect of the  
21 criterion: the responses to questions that the  
22 applicants provided. Presentations by the  
23 applicants, the input from the public hearing,  
24 the results of the referendums in each

1 community, the public outreach efforts and the  
2 letters and emails. Again, hundreds and  
3 hundreds of letters and emails, some  
4 communities more than others but we did receive  
5 a number from each of these.

6           The referendum votes, Leominster 61  
7 percent, Plainville 76 percent, Raynham 86  
8 percent. One of the things we considered was  
9 the fact that an existing facility with years,  
10 decades of being a good neighbor probably  
11 helped along these lines. The community was  
12 familiar and had obviously liked the way in  
13 which they integrated into the communities.

14           So, I think in particular Raynham at  
15 86 percent demonstrated that. And we saw that  
16 at the hearings that we held, the letters that  
17 we have received. There is negligible example  
18 of opposition in Raynham.

19           Plainville also had a very strong  
20 favorable vote, 76 percent. Again, an existing  
21 facility, had done a lot of work in the  
22 community. I received more letters yesterday  
23 from folks in the Plainville. So, we decided  
24 not to count the amount of letters because we

1 didn't want to be inaccurate and they come in  
2 as we speak really voicing mostly support for  
3 the project.

4           And Leominster, I feel like they did  
5 a good job. It's a new facility. They didn't  
6 have as much time but they did a good job.  
7 They have made efforts especially with the  
8 outreach. They've done a lot of things with  
9 the community. But there does remain some  
10 consistent opposition there, thus the  
11 sufficient rating with Leominster and the  
12 community support.

13           So, our second criterion traffic and  
14 off-site impacts. This is not one of the --  
15 That picture was not of one of the sites. It's  
16 just general Massachusetts traffic. As we did  
17 with the earlier criterion, there are three  
18 groupings when it comes to traffic and off-site  
19 impacts.

20           The impact and assessments costs,  
21 what we are talking about here is the off-site  
22 infrastructure, utilities, roadways. The  
23 traffic mitigation plan, how does the applicant  
24 propose to mitigate the impacts of added



1 traffic. And other potential impacts that were  
2 explored, housing, school population and  
3 emergency services.

4           When it comes to this particular  
5 grouping of questions, traffic management plan  
6 becomes the most important. All of our experts  
7 have taken a look at other impacts. Because of  
8 the size of this facility, there will not be in  
9 the prognosis of those experts impacts to  
10 housing, school population or emergency  
11 services.

12           And the impact assessments and  
13 costs, all of the applicants have agreed to pay  
14 these additional costs. And that's typical  
15 with a development of this size. So, the  
16 traffic management plan becomes the most  
17 important with this grouping of questions.

18           Again, we go to the ratings, and I  
19 will spend the time talking about the  
20 differences. Because all three have agreed to  
21 cover those costs the standard procedure they  
22 are all sufficient when it comes to impact  
23 assessments.

24           Traffic management plan, there

1 really is some differences here. And I'll  
2 explain that in a moment because I will go into  
3 detail about those differences. And I just  
4 explained the other impacts that there is not  
5 expected impacts because of the size of this  
6 project.

7           So, we get into the traffic  
8 management plan for Leominster first. As you  
9 can see, I am following the same alphabetical  
10 order as my colleagues when it comes to  
11 explaining each applicant. And the rating is  
12 very good for Leominster and their traffic  
13 management plan. This is an example of some of  
14 the traffic management plan provided by the  
15 applicant. The map there comes directly from  
16 the application.

17           Some of the key factors in  
18 determining their rating they have good access  
19 to major highways, interchanges and local  
20 roads. They've committed to extending the bus  
21 route. They've committed to providing a  
22 shuttle to the commuter rail station. And they  
23 have made road improvements which will support  
24 bike and pedestrian access. So, for those

1 reasons, it was a more detailed plan than the  
2 others with more commitments to the community  
3 for access to their facility.

4           This map, the examples are this is  
5 Jungle Road and 117 turn lanes and traffic  
6 signal improvements. It's hard to see. That's  
7 not a very large amount. But those are the  
8 mitigation -- areas of mitigations that they  
9 point out to us in this map. And it was really  
10 more detailed than the other applicants. And  
11 another advantage of this site is the fact that  
12 the nearby highway system has available  
13 capacity for future traffic. That was taken  
14 into consideration as well.

15           Plainville was sufficient rating for  
16 their traffic management plan. Again, this was  
17 provided by the applicant. They are close to  
18 major highways and interchange. The site  
19 access improvements are under review at this  
20 time. They are committed to provide  
21 intersection improvements offsite.

22           As Commissioner McHugh mentioned  
23 yesterday, the median cut is preferred but that  
24 is under review at this time. It may or may

1 not be approved, but the applicant has  
2 expressed a willingness to work with either  
3 alternative. So, whatever comes back as the  
4 approved alternative, they are on board and  
5 will work with the state and local officials to  
6 make that happen.

7 CHAIRMAN CROSBY: Commissioner, did  
8 the DOT letter that came in late last week, did  
9 that change your assessment here at all?

10 COMMISSIONER CAMERON: It did not  
11 change our assessment. Again, we're looking at  
12 this through the lens of mitigation. In  
13 particular with this applicant, they have  
14 agreed to mitigate -- Whatever the approved  
15 plan is, they have agreed to work in that  
16 direction to make those improvements.

17 One is more ideal than the other  
18 obviously, but from our perspective,  
19 mitigation, the commitments are there.

20 CHAIRMAN CROSBY: I got the sense  
21 from yesterday that DOT has said we want to go  
22 with the improved jug handle. But the town has  
23 said we don't want to do anything further to  
24 the jug handle. Was that new information

1 that --

2                   COMMISSIONER CAMERON: In speaking  
3 with my traffic experts who have in fact been  
4 able to reach into DOT and talk through the  
5 letter with them, different folks at DOT are  
6 looking at different aspects of this. And it's  
7 not clear yet, I think is the best way. It's  
8 just not clear what the final approved plan  
9 will be.

10                   But I think what was important to  
11 our evaluation is the applicant's willingness  
12 to work in whatever direction is there that  
13 ends up being approved. I think you are right  
14 Mr. Chair, that the local officials have a  
15 strong preference. And there are some ongoing  
16 conversations about crashes, the number of  
17 crashes, the severity of crashes. So, I know  
18 that those discussions are ongoing. And there  
19 is no resolution yet.

20                   I know Ombudsman Ziemba, there will  
21 be answers in greater detail to some of those  
22 traffic questions tomorrow or traffic factual  
23 information. But with regard to mitigation,  
24 what was important to us is the fact that the

1 applicant -- and there are letters to  
2 demonstrate that the applicant is onboard with  
3 the officials in whatever direction that ends  
4 up being, whatever the final decision is.

5           This applicant, Plainville has also  
6 committed to two off-site intersection  
7 improvements. That's the intersection of Route  
8 106 and 152 and Route 1 and 106. Some extra  
9 signage, signal modifications and lane  
10 realignments may be required, but they're  
11 sufficient. There aren't as many commitments  
12 but they are certainly from a mitigation stance  
13 doing what they need to do to move forward  
14 here.

15           Raynham, some of the rating factors  
16 for that sufficient rating. They're some  
17 distance, they're a couple of miles from the  
18 major highway interchanges. Some additional  
19 off-site intersection improvements may be  
20 required. They weren't committed to in the  
21 application.

22           There is no firm commitment to make  
23 those off-site improvements, but as I've been  
24 educated from our traffic experts, certainly

1 you are required to do the DOT requirements and  
2 they will adhere to whatever those  
3 requirements. That's clear. There is a  
4 sufficient rating.

5           So, to wrap this criterion up,  
6 Leominster received a very good, mainly due to  
7 their traffic, their very detailed traffic  
8 plans and their commitments with regard to  
9 traffic and public transportation. Plainville  
10 and Raynham are sufficient.

11           Leominster, their site has very good  
12 access, underutilized interstate highway.  
13 They've agreed to existing infrastructure and  
14 public transit access. As I pointed out, all  
15 of the applicants must comply with the MEPA and  
16 obtain their state and local permits. So, they  
17 will be making whatever improvements are deemed  
18 necessary.

19           And all of the applicants have  
20 agreed to address local traffic impacts through  
21 their host and surrounding community  
22 agreements. And as we pointed out earlier,  
23 there were no significant impacts to housing,  
24 school population and emergency services.

1                   COMMISSIONER MCHUGH: Could I just  
2 ask one question, Commissioner, before you move  
3 on?

4                   COMMISSIONER CAMERON: Yes, Sir.

5                   COMMISSIONER MCHUGH: With respect  
6 to the Raynham applicant, is there anything  
7 that you have to say about the portion of the  
8 DOT letter, last Friday letter that talked  
9 about improvements to the intersection of 106  
10 and 138? The letter speaks for itself. I just  
11 wondered if there was anything you wanted to  
12 say about that.

13                   COMMISSIONER CAMERON: I'm going to  
14 ask Rick if he has any additional information  
15 on that. We did not spend a great deal of time  
16 from the mitigation standpoint on that  
17 intersection. Is there something additionally  
18 you'd like to add to that?

19                   MR. MOORE: Commissioners, Rick  
20 Moore, City Point Partners. That intersection  
21 is under design. It's due to go out to bid  
22 shortly. The normal process of getting that up  
23 and running would take so many months. It's  
24 our opinion that if the license goes to Raynham



1 that Raynham and DOT will be able to work to  
2 make this improvement in time for an opening  
3 sometime in probably 2015.

4 COMMISSIONER MCHUGH: Okay. Thank  
5 you.

6 COMMISSIONER ZUNIGA: Can I also ask  
7 a question relative traffic and surrounding  
8 communities? I remember from our designation  
9 times in the case of Leominster, the Bolton  
10 community was designated because there was a  
11 particular intersection of concern around the  
12 495 exit, if I remember correctly, then traffic  
13 that then backs up on 117.

14 Is Bolton -- the applicant reached  
15 an agreement with Bolton and those traffic  
16 concerns are deemed to be mitigated?

17 COMMISSIONER CAMERON: Yes. They  
18 all, in particular the Leominster project had  
19 communities with traffic issues. And they  
20 reached agreements with all of them. They've  
21 reached agreements and of course as part of  
22 this process they will have to abide by their  
23 host and surrounding community agreements.

24 COMMISSIONER ZUNIGA: Okay.

1                   COMMISSIONER CAMERON: So, next we  
2 move onto measures to promote responsible  
3 gaming. Of the four criteria, this is the  
4 third. These are just some brochures that were  
5 picked up. I am going to thank my colleague  
6 who did a very good job. Commissioner Stebbins  
7 did a good job of picking up some brochures for  
8 me. And these are just examples of brochures  
9 from our applicants' other jurisdictions.

10                   Again the groupings, we grouped the  
11 questions into three areas. And the first are  
12 the direct efforts to mitigate problem gambling  
13 and promote responsible gaming. What we're  
14 talking about here is the on-site resources for  
15 problem gambling, self-exclusion policies,  
16 identification of problem gambling, credit  
17 extension abuse and treatment and prevention.  
18 That all comes under the direct efforts to  
19 mitigate.

20                   The second group, the process and  
21 the measures to mitigate problems. This is the  
22 code of ethics, the metrics for problem  
23 gambling and the historical efforts against  
24 problem gambling with these applicants.

1                   And the third grouping are the  
2 indirect efforts to mitigate problem gambling.  
3 What we are talking about here are the  
4 advertising and the signage. How do you let  
5 your patrons know? And we visually inspected  
6 signs in the facilities and they answered  
7 questions with regards to these two areas as  
8 well.

9                   So, group one we are talking about  
10 the general activities the applicants will do  
11 on-site in coordination with community  
12 providers. So, that's important with group  
13 one.

14                   Examples, how do you train your  
15 employees? And what resources are available  
16 on-site? And with group three -- I think group  
17 two is self-explanatory. Those are the exact  
18 pieces -- Those are the question in that  
19 grouping.

20                   Group three though, these are the  
21 passive ways the applicant will work to promote  
22 responsible gaming and educate about problem  
23 gambling? How do they inform patrons about  
24 these issues? So, those were the questions

1 that were asked of the applicants.

2           Again, we'll start with the ratings.  
3 And again I will spend more time talking about  
4 the areas where there is a difference. So, for  
5 group one, as we can see, Leominster received a  
6 sufficient, Plainville a very good and Raynham  
7 a sufficient. So, in general all of the  
8 applicants agreed to comply with regulations  
9 that we will adopt, our Commission will adopt.

10           Generally, they are all in line with  
11 the American Gaming Association responsible  
12 gaming code of conduct. But Plainville did a  
13 better job compared to the others defining the  
14 on-site space for counseling, a responsible  
15 gaming office. And they also clearly defined  
16 the connections to the community providers and  
17 the Massachusetts Council on Compulsive  
18 Gambling. So, they have reached out and made  
19 those efforts.

20           So, the process and the measures to  
21 mitigate problems, again sufficient for  
22 Leominster, very good for Plainville and  
23 sufficient for Raynham. Plainville best  
24 describes the areas in which metrics are

1 collected and in line with our priorities, MGC  
2 priorities. Plainville has a strong history in  
3 other jurisdictions promoting responsible  
4 gambling and addressing problem gambling.

5           Generally, all of the applicants did  
6 an adequate job of describing the code of  
7 ethics. None of the applicants adequately  
8 addressed how to effectively measure the  
9 programs, but this is an evolving field and an  
10 evolving practice.

11           I know in discussion with Director  
12 Vander Linden, I said this isn't the only field  
13 that struggles with the metrics. How to  
14 collect the data, analyze the data and then  
15 make effective change because of the results of  
16 the data. So, this is an evolving field. So,  
17 it's not that our three applicants happened to  
18 be behind the curve here. It's just really an  
19 area that's take shape.

20           All of the applicants provided  
21 sufficient responses to the questions regarding  
22 advertising and signage. I am in group three  
23 here. We were able to observe the signage on  
24 site visits. We saw the brochures. So, they

1 were all sufficient in this category. They are  
2 doing what is the norm in the industry, I think  
3 you could say.

4 COMMISSIONER MCHUGH: Could I ask  
5 one question before we jump on?

6 COMMISSIONER CAMERON: Sure.

7 COMMISSIONER MCHUGH: And that is  
8 was there any difference between the three  
9 applicants with respect to credit extension  
10 policies?

11 COMMISSIONER CAMERON: Mark, jump in  
12 if you can answer this. General answers about  
13 we're not going to extend credit to folks who  
14 can't afford it. But there were no detailed  
15 plans on how they would evaluate that. There  
16 were general statements made that this what  
17 they plan to do. They won't extend that  
18 credit. Again, we would have liked to see more  
19 detail in how they would do that.

20 COMMISSIONER MCHUGH: Did any say  
21 anything about their collection practices?

22 COMMISSIONER CAMERON: They did not.  
23 Do you have more to add to that?

24 MR. VANDER LINDEN: There was not an

1 indication of what their collection practices  
2 were.

3 COMMISSIONER MCHUGH: Thank you.

4 CHAIRMAN CROSBY: Just as a point to  
5 follow up on Commissioner McHugh's, I think we  
6 have a raised sensitivity to both the issue of  
7 the mechanisms by which credit judgments are  
8 made, (A) and collection because of the recent  
9 Globe piece and appropriately so.

10 So, we may want to make a note as  
11 we're thinking about conditions later on. We  
12 didn't look as aggressively at these two issues  
13 as we might have and I think as we would now if  
14 we were doing it over again. So, I think it  
15 might be something just to keep mind when we  
16 get to the conditions that these are areas we  
17 may want to probe.

18 COMMISSIONER CAMERON: And I know  
19 Director Vander Linden is working with this  
20 topic and intends to recommend regulations with  
21 regard to this. Do you want to add to that?

22 MR. VANDER LINDEN: We will be  
23 looking at in the next week or so and  
24 introducing the responsible gaming framework.

1 And credit extension is an important but not  
2 isolated piece of that responsible gaming  
3 framework.

4 CHAIRMAN CROSBY: And I know you  
5 were working on this before the media comments  
6 on this, which is great. I just want to make  
7 sure we keep a very high level of attention.

8 COMMISSIONER CAMERON: I am glad the  
9 question was asked because we did spend a  
10 little time in particular going back to that  
11 question and looking at the responses, which  
12 again were in general we will not issue credit.  
13 But there was not a plan. How do you make that  
14 determination as to what are the standards.  
15 That for all of them they were lacking in that  
16 area.

17 COMMISSIONER MCHUGH: Thank you.

18 COMMISSIONER CAMERON: So, to wrap  
19 up number three here, the responsible gaming  
20 rating, overall Leominster was a sufficient,  
21 Plainville a very good and Raynham a  
22 sufficient.

23 The key factors, Plainville has  
24 experience and they demonstrated in their



1 responses to operating and integrating  
2 responsible gambling practices into their 28  
3 casino and racing operations. Plainville's  
4 responsible gambling practices appear to meet  
5 and in a number of cases exceed the American  
6 Gaming Association responsible code of conduct.

7 All of the applicants agreed to  
8 comply with our regulations that we will adopt  
9 with regard to responsible gaming.

10 So, the fourth criterion is to  
11 protect and enhance the Lottery. The statute  
12 made this a key provision. The Massachusetts  
13 revenue per capita for Lottery spending is very  
14 high. And it's important to preserve that  
15 revenue and add to it with a new gaming  
16 facility.

17 There were only a couple of  
18 questions and they were again the category that  
19 we consider check the box, provide us with the  
20 information.

21 The question itself, applicant to  
22 provide a description of plans and efforts the  
23 applicant would take to avoid any negative  
24 impacts on the revenue generated by the Mass.

1 State Lottery.

2 Frankly, none of the proposals were  
3 particularly creative or robust with regard to  
4 this. But all applicants did commit as  
5 required by law to work collaboratively with  
6 the state Lottery. And they all have signed  
7 agreements with the Lottery. Thus I deem them  
8 all to be sufficient in this category.

9 COMMISSIONER ZUNIGA: Commissioner,  
10 I suppose the signed agreement is the best  
11 indication, but are we able to glean whether  
12 there is differences among those agreements,  
13 significant or otherwise?

14 COMMISSIONER CAMERON: Very much  
15 like the host community agreements, we had no  
16 part of those agreements. Both parties signed  
17 those agreements. It's just a sufficient  
18 rating for that.

19 I know one may have used the others  
20 as an example of kind of wanting to do  
21 something similar to another applicant. So,  
22 the Lottery signed off on all three of them and  
23 we deem that to be sufficient.

24 COMMISSIONER ZUNIGA: Thank you.

1           CHAIRMAN CROSBY: Just following up  
2 on that, I will point out that we did ask the  
3 Lottery to help us assess the Lottery  
4 enhancement and Lottery protection strategies  
5 and help us brainstorm on what those strategies  
6 might be and so forth. And they declined to  
7 participate.

8           COMMISSIONER CAMERON: And I know  
9 the applicants knew that they had to do this  
10 and they went and got those agreements signed.

11           Overall, wrapping up the categories,  
12 the overall -- As you can see below, those are  
13 the individual criteria and individual scores.  
14 Plainville overall get a very good rating  
15 because they were very good in two key areas,  
16 which was the community support as well as the  
17 problem gambling.

18           Leominster, was very good with their  
19 traffic impacts and their traffic management  
20 plan. Sufficient ratings in community support,  
21 problem gambling and the Lottery, thus an  
22 overall sufficient rating.

23           Raynham very strong community  
24 support and sufficient with traffic impacts,

1 problem gambling and the Lottery, and thus an  
2 overall sufficient rating.

3 I am not going to read all of these.  
4 It's just a summary of -- I will just give you  
5 some highlights from each category.

6 With Leominster they were effective  
7 in reaching agreements with host and  
8 surrounding communities. They had strong  
9 support from public officials. Public  
10 opposition was registered at public hearings  
11 and through comment letters. Very strong in  
12 site location, their proximity to underutilized  
13 interstate highways. They identified roadway  
14 and transit related to mitigation to include a  
15 bike and pedestrian on Jungle Road, new traffic  
16 signals, extending local bus lines. Providing  
17 a shuttle to the commuter rail station.

18 The comments received from Mass. DOT  
19 on the proposed mitigation and access plans  
20 indicate that there's some refinements that  
21 will be needed. This is a recent letter, some  
22 refinements that will be needed, some  
23 modifications to the interchange of I-190.  
24 They outlined their responsible gaming plan for

1 Maryland Live. They expressed support fo  
2 responsible gaming and agreed to comply with  
3 all of our regulations. And they executed an  
4 agreement with the Lottery.

5 Plainville, the applicant was  
6 effective in reaching agreements with host and  
7 surrounding communities. They created a model  
8 that was used by other applicants. Host  
9 community referendum passed by a wide margin.  
10 Negligible opposition was registered at the  
11 public hearings and through public comments as  
12 well.

13 The site is located close to the  
14 major interstate highway interchange. The  
15 preferred access improvements are currently  
16 under review. They have committed to mitigate  
17 all of the off-site roadway improvements.

18 They have an integrated responsible  
19 gaming practice in their casino and racetracks  
20 in their many jurisdictions. They meet and  
21 exceed in some cases the American Gaming  
22 Association reasonable code of conduct. They  
23 agreed to comply with all of our regulations.  
24 And they also have a signed agreement with the

1 Lottery.

2           Raynham, again, they were effective  
3 in reaching agreements, host and surrounding  
4 and nearby communities. The host community  
5 referendum was passed by a very wide margin and  
6 there's negligible opposition from public  
7 hearings and the comments we received here at  
8 the MGC.

9           Their site location is some distance  
10 from the highway, a few miles. And they  
11 identified some limited roadway and transit  
12 mitigation. Additional off-site intersection  
13 improvements may be required. They also  
14 outlined a responsible gaming policy that is in  
15 place at Parks Casino in Pennsylvania. And  
16 they've agreed to comply with all of our  
17 regulations. And they as well have a signed  
18 agreement with the Lottery.

19           So, that's just a summary of the  
20 work that was done and our overall findings  
21 with regard to these three applicants.

22           Again, I want to reiterate that they  
23 are all quality applicants and have taken this  
24 process very seriously. Any questions of me?

1           COMMISSIONER ZUNIGA: This may be a  
2 question for tomorrow, but one thing that I'd  
3 like to look at and understand a little bit  
4 more, are we or were we ever concerned that any  
5 one of these surrounding community agreements,  
6 the contents of which may have been an  
7 overpromise or an overpayment that we may have  
8 doubts as to whether some of those promises  
9 could be kept or are a little too much?

10           I realize that the focus was the  
11 outcome, if the parties reached them if they  
12 didn't get into arbitration. This may be of  
13 course a more relevant question in the Category  
14 1 I am going to suspect. But I just wanted to  
15 throw that out there.

16           COMMISSIONER CAMERON: We had long  
17 discussions about whether or not we should be  
18 really evaluating the content and comparing to  
19 one another. And really made a decision, in  
20 fact I did that they were made and signed.  
21 Those communities are satisfied with those  
22 agreements. What we looked at was the process  
23 and evaluated the process.

24           Gordon Carr spent the most time from

1 our group. And really -- He's read them. We  
2 all discussed pieces of them, but Gordon really  
3 spent an awful lot of time with these  
4 agreements. Do you have anything to add  
5 Gordon?

6 MR. CARR: I haven't committed them  
7 all to memory, but we spent a fair amount of  
8 time on them. And they vary a bit by community  
9 and by the priorities of each of those  
10 communities. That's why it was sort of  
11 difficult to measure one against another. Many  
12 of them and we'll go back to the question you  
13 asked about Bolton, that have very specific  
14 concerns about Route 107 (SIC).

15 That agreement, for example includes  
16 mutually agreed baseline studies and then  
17 future studies. Then whatever tangible  
18 verifiable impact on Route 107 (SIC) that can  
19 be related to the Leominster project will be  
20 mitigated by the applicant.

21 So, there are subtleties within each  
22 one of the different surrounding community  
23 agreements but as far as overpromising, I think  
24 that's the obligation of the applicant that



1 signed them. If there is some overpromising  
2 down the road that that is something that I'm  
3 sure the municipalities and the applicants will  
4 have to work out.

5 COMMISSIONER ZUNIGA: Thank you.

6 CHAIRMAN CROSBY: I think this is  
7 consistent with our point all along that we've  
8 never really played a role in second-guessing  
9 or judging or counseling or anything a host  
10 community for their agreements, or for that  
11 matter surrounding communities.

12 The Legislature said this is a local  
13 deal or to a very large extent and almost  
14 totally we've let that be the case. So, I  
15 think your approach is right.

16 COMMISSIONER ZUNIGA: Thanks.

17 COMMISSIONER CAMERON: Anything  
18 else?

19 COMMISSIONER MCHUGH: No, thank you.

20 COMMISSIONER CAMERON: Thank you  
21 very much.

22 CHAIRMAN CROSBY: Let's take a quick  
23 break. Let Commissioner Stebbins set up and  
24 we'll be back in a few minutes.

1 (A recess was taken)

2

3 CHAIRMAN CROSBY: Ladies and  
4 gentlemen, we will reconvene at five minutes of  
5 eleven on February 26 with the fourth  
6 evaluation criteria of economic development and  
7 the presentation is from Commissioner Stebbins.

8 COMMISSIONER STEBBINS: Thank you,  
9 Mr. Chairman, colleagues. As I was standing up  
10 here, I noticed that there is a sign. And I am  
11 just going to rib my colleague, Commissioner  
12 Cameron, for a minute because she didn't  
13 recognizes the city of Boston fire code message  
14 that's up here.

15 It says prior to the start of each  
16 new session of 49 people or more, the code  
17 requires that I notify the occupants of the  
18 emergency evacuation route. And it mentions a  
19 laminated sheet on the bottom of the lectern,  
20 which I can't remove because it's duct taped to  
21 the bottom of the lectern. But I covered you.

22 COMMISSIONER CAMERON: Thank you,  
23 for clarifying.

24 COMMISSIONER STEBBINS: Happy to

1 help.

2 COMMISSIONER CAMERON: My  
3 investigation wasn't complete.

4 COMMISSIONER STEBBINS: Economic  
5 development components. First of all, you will  
6 see as I go through my presentation that my  
7 preference is not to read PowerPoint slides  
8 back to each of you but to offer my comments as  
9 we go through the topics.

10 The 34 questions in section three of  
11 the application break out neatly into three  
12 criteria, which measure the applicant's  
13 economic impact on the community and the region  
14 surrounding the facility. Coincidentally, these  
15 criteria are also provided in order of how they  
16 were laid out in the expanded gaming statute's  
17 findings and declarations section.

18 Job creation covers headcount, job  
19 quality, rate of pay, benefits, workplace  
20 safety, recruitment efforts, labor relations  
21 and strategies for recruiting unemployed and  
22 underemployed residents.

23 Supporting external business growth  
24 focuses on how the applicant plans to support

1 and contract with local vendors through the  
2 host, surrounding community agreements.  
3 Purchasing domestically manufactured slot  
4 machines and efforts to engage minority-,  
5 women- and veteran-owned businesses for the  
6 design, construction and operation of the slots  
7 parlor.

8           Regional tourism highlights how an  
9 applicant may draw visitors to the region,  
10 partner with existing attractions, host  
11 additional events and participate in a regional  
12 economic development agenda. Massachusetts  
13 tourism industry generates close to \$1 billion  
14 in state and local tax revenue every year,  
15 \$16.9 billion in travel related expenditures  
16 and supports over 124,000 jobs in  
17 Massachusetts.

18           Our approach, I organized a group of  
19 independent evaluators, technical experts who  
20 have significant experience in the area of  
21 workforce development, tourism and promotion in  
22 Massachusetts and regional economic  
23 development. I assigned a technical reviewer  
24 to be the primary reviewer for the criteria

1 that corresponded with their area of expertise.

2           Director Jill Griffin from the Mass.  
3 Gaming Commission staff who has worked at the  
4 Boston Foundation was focused on workforce  
5 issues. And I reviewed all three of the  
6 criteria questions. We had multiple group  
7 discussions on the applications and suggested  
8 possible ratings.

9           Additionally, I used information  
10 from additional detail we requested on labor,  
11 payroll and benefits through a request for  
12 clarification that went out to all applicants.

13           We drew on information from our site  
14 visit in January. I drew on information from  
15 the 90-minute presentations from each of the  
16 applicants. I drew information from follow-up  
17 questions we placed in writing to the  
18 applicants and asked at the host community  
19 hearings. And I also utilized interview calls  
20 I made to organizations located throughout the  
21 area near our applicants' existing facilities.

22           Also studies provided under question  
23 3.1 were also reviewed in their respective  
24 sections of the application. I also want to

1 thank the Associated Industries of  
2 Massachusetts. They connected me with some  
3 people I would call key leaders in human  
4 resources policy who shared their thoughts and  
5 suggestions with me on key HR policies I should  
6 direct my attention to during the course of the  
7 review.

8                   Our goal is to review the slots  
9 parlor elements of each application first to  
10 ensure an apples to apples comparison. We  
11 would then take in to consideration additional  
12 business strategies after this review was  
13 complete.

14                   Our advisors and support groups,  
15 here's a list of our staff and reviewers who  
16 assisted with the exhaustive evaluation of the  
17 RFA-2 applications comprising of hundreds of  
18 pages for the 34 questions for the Category 2  
19 slots parlor applicants.

20                   I want to tell you some detail about  
21 our external reviewers as Commissioner Cameron  
22 did with her group. It would also provide some  
23 background on our contractual subject matter  
24 experts HLT. In addition to Jill, we had Lynne

1 Browne, former director of research for the  
2 Boston Federal Reserve Bank and the current  
3 lecturer in economics at Brandeis University.

4 Jennifer James, the Undersecretary  
5 of the Mass. Department of Labor and Workforce  
6 Development. And Betsy Wall, the Executive  
7 Director of the Mass. Office of Travel and  
8 Tourism and Jonathan Hyde also from her office.

9 HLT has also been a critical  
10 resource in this evaluation process. And I'm  
11 not just saying that because Lyle is seated to  
12 my right. There was a strategic need to draw  
13 on the experience and financial projections  
14 from the team working with Commissioner Zuniga  
15 as well.

16 Lyle is one of the founding  
17 principles at HLT. He has been providing  
18 consulting services to the Canadian  
19 hospitality, leisure and tourism industry for  
20 30 years. Prior to coming to HLT, he was the  
21 national director of KPMG's Canada hospitality,  
22 leisure and tourism practice based in Toronto.

23 We also had helping us from HLT,  
24 Carla Giancola who has been responsible for

1 pulling together a lot of this information as  
2 well as had worked on consulting project in  
3 tourism in gaming sectors including horse  
4 racing for both public and private sector  
5 clients.

6           We move onto overall observations.  
7 These are the overall observations that the  
8 independent evaluators, professional  
9 consultants, MGC staff and myself discovered  
10 from our review of these three applications.  
11 First, it goes without saying, and it's been  
12 mentioned before that each applicant has the  
13 experience and track record to run a successful  
14 slots facility.

15           The MGC encouraged competition from  
16 the start. And we certainly got it with these  
17 three great choices. Category 2 license  
18 applications proposed projects with the  
19 guidelines of the statute, the 1250 slots  
20 minimum, minimum investment of 125 million.  
21 These facilities are expected to draw from  
22 their immediate vicinity.

23           There is no expectation to help draw  
24 patrons internationally but they did



1 demonstrate awareness of other area amenities  
2 and how they may be able to leverage visitors  
3 already coming to the area.

4           The tourism industry benefits were  
5 less pronounced than what we will expect in  
6 Category 1 applications. Questions relative to  
7 international tourism were optional for the  
8 category 2 applicants. And though there was  
9 some effort undertaken to make possible  
10 linkages, we didn't feel that there was  
11 sufficiently strong enough information to  
12 warrant rating the question and taking these  
13 questions into account in our evaluation.

14           With respect to job creation and  
15 local operational spending, applicants  
16 identified partnerships they hoped to pursue,  
17 and were able to describe outreach efforts to  
18 connect with local small business. From  
19 additional review of their websites, each  
20 applicant showed relationships with businesses  
21 both large and small operating in the immediate  
22 area of their other facility.

23           There was acknowledgment in the  
24 applications that competition was expected from

1 Category 1 casinos by year two or three of the  
2 slots parlor license. And adjustments were  
3 noted about employment levels in what we'll  
4 call stabilized years.

5           There's considerable evidence that  
6 applicants in various degrees had made a strong  
7 commitment to understanding the area around  
8 their proposed facilities, key partners and  
9 organizations helpful to their overall success.  
10 They have numerous goals to meet as part of  
11 their license. And we were assessing their  
12 ability to "hit the ground running" upon award  
13 of a license.

14           Here's my approach to this  
15 presentation this morning in reviewing the  
16 three criteria categories in question three --  
17 section three. We're going to acknowledge that  
18 tourism impact was determined to be less  
19 significant than what we expect from Category 1  
20 applicants. I decided to start with that  
21 category and work our way backward to the  
22 number one section jobs.

23           When we consider the public debate  
24 that transpired during the host community

1 referendums, jobs was the most critical  
2 component. We decided to focus most of our  
3 attention and discussion on that criteria.

4           Secondly, we will review external --  
5 Category 2 slots parlor applications from the  
6 vantage point of impact on external business.  
7 From day one, the Commission has stressed the  
8 need for these gaming licenses to have an  
9 impact on surrounding businesses that should be  
10 viewed only in a positive light.

11           Finally, we'll address jobs,  
12 employment, HR policies, benefits and other  
13 workplace issues as it relates to the job  
14 creation criteria. I feel there is some  
15 difference between the applicants in this  
16 category.

17           Tourism components, we grouped  
18 questions under regional tourism and  
19 attractions. We focused on what applicants  
20 could provide the most detailed strategy for  
21 promoting the region and acknowledging other  
22 attractions and amenities in the region.

23           We also wished to see what  
24 experience the applicants had from operating

1 other facilities and gave strong consideration  
2 to independent acknowledgment of successes  
3 demonstrated through letters of recommendation  
4 and from other jurisdictions.

5           As I mentioned, we decided the  
6 international marketing question was optional  
7 and would not require a rating.

8           Finally, we looked at amenities,  
9 community enhancements and other events and  
10 activities designed to draw more patrons into  
11 the host community and the surrounding area.

12           Tourism discussion, what we were  
13 looking for and what we found and what we  
14 didn't find. What we were looking for were  
15 marketing initiatives, collaboration with the  
16 tourism organizations and attractions and  
17 demonstrated knowledge of the host community  
18 and region. We were looking for applicants  
19 sharing their related experience from operating  
20 other facilities and how that would translate  
21 into a successful strategy in Massachusetts.

22           What we found, we did find  
23 experience with plans for a range of  
24 traditional marketing, partnership advertising

1 and reward, i.e. player card programs. We did  
2 find or didn't find some limited detail in  
3 connections to existing Massachusetts marketing  
4 infrastructure, the Massachusetts Office of  
5 Tourism as I mentioned, attractions,  
6 infrastructure and other market segments.

7           The approach taken by the applicants  
8 in tourism and marketing reflects the  
9 considerable pent up demand for gaming in  
10 Massachusetts and the monopoly afforded to a  
11 Category 2 license for the initial few years of  
12 operation. There was discussion about  
13 connecting with local Massachusetts sports  
14 teams, but awareness could have used more  
15 detail about operating models, i.e. assumptions  
16 on ticket availability and sponsorships.

17           All applicants provided limited  
18 detail in demonstrating a connection in the  
19 Massachusetts marketing infrastructure, again,  
20 the Mass. Office of Tourism, attractions,  
21 infrastructure and other market segments.

22           Penn does reference -- Plainville  
23 does reference working with MOTT but no  
24 applicant provided really a detailed approach.

1 This was interesting because one of the  
2 questions actually provided a hyperlink to  
3 MOTT's website directly from the application.

4 Our tourism ratings, again all  
5 applicants referenced experience with marketing  
6 programs in utilizing their player database.  
7 They also referenced using their rewards  
8 programs to highlight other area attractions  
9 and amenities.

10 Leominster focused on MOUs with some  
11 local partners, past experience with marketing  
12 programs, loyalty cards, providing cross  
13 marketing plans. They broadly identified plans  
14 to work with local tourism and chambers of  
15 commerce. They identified linkage for the  
16 regional economic development plan and provided  
17 endorsement from other cities in which they  
18 operate.

19 Leominster also demonstrated a  
20 history of revitalization of downtown corridors  
21 for tourists and local benefits. They also  
22 have a history of significant financial support  
23 for community organizations and events, and  
24 detailed a proposed entertainment facility and

1 referenced experience with entertainment  
2 offerings.

3 Plainville provided MOUs for local  
4 partners, significant past experience with  
5 marketing loyalty programs. Detailed and cross  
6 marketing plan within their stay, play and shop  
7 awareness program for other area attractions.  
8 They detailed some plans to work with Mass.  
9 Office of Travel and Tourism. Past experience  
10 showing working with other local convention and  
11 visitor bureaus.

12 Racing also coincides with Penn's  
13 experience operating other racetracks in other  
14 North American jurisdictions. They have  
15 extensive marketing capability, player database  
16 and skill sets from other venues. Provided  
17 detail on some of their marketing approaches,  
18 endorsement letters from chambers and other  
19 organizations were provided from other  
20 jurisdictions.

21 Provided letters and commitments  
22 regarding other community enhancements and  
23 again extensive past experience from their  
24 other facilities. Again, a number of letters

1 coming from communities in which they already  
2 operate.

3           Raynham, no MOUs that we could find  
4 in place for local agreements and detailed  
5 descriptions on plans for cross marketing.  
6 There was some limited mention of local tourism  
7 bodies, convention and visitor bureaus and  
8 attractions and other marketing initiatives  
9 aside from referencing plans to emulate an  
10 approach taken by their facility in  
11 Pennsylvania. They did have a stronger focus  
12 on sports partnerships throughout the region.  
13 And potential obviously for supporting harness  
14 racing operation in the future.

15           Support for external business  
16 components. This is where we also grouped  
17 question 3.3 because it asked about  
18 coordination with regional economic development  
19 plans. We folded it into this discussion. We  
20 grouped questions around local business  
21 promotion, supporting and benefiting area  
22 businesses is a priority recognized in the  
23 statute and positions a slots parlor applicant  
24 to impact the regional economy.



1                   CHAIRMAN CROSBY: Commissioner,  
2 could I interrupt you? I'm sorry. I had a  
3 question in mind that I forgot. If you go back  
4 on the tourism ratings, maybe you're going to  
5 get to this. If you are, tell me and I'll shut  
6 up. One of the long suits in the application  
7 of Plainville was this affiliation with the  
8 other major big attractions in the area, the  
9 TPC, Gillette, the Mall. Were there signed  
10 agreements with any of those big attractions?

11                   COMMISSIONER STEBBINS: If I recall  
12 the package, there were MOUs. One of the  
13 things that kind of surprised me, being the guy  
14 from Western Mass. is what a draw the Wrentham  
15 Outlet Village is. I know that was one  
16 example.

17                   CHAIRMAN CROSBY: You don't have  
18 malls in Western Mass.?

19                   COMMISSIONER STEBBINS: We do have  
20 malls in Western Mass. But what was  
21 interesting about Wrentham is the number of  
22 people who journey from Boston down to Wrentham  
23 that come in on the cruise ships. Betsy Wall  
24 from MOTT told us they organize bus charters to

1 take international visitors down to the  
2 Wrentham Outlet Village.

3 So, I know Wrentham was one example  
4 of an MOU that I believe Plainville had a  
5 signed agreement with.

6 CHAIRMAN CROSBY: They did have a  
7 signed agreement with them?

8 COMMISSIONER STEBBINS: I believe  
9 so.

10 MR. HALL: A marketing relationship.

11 CHAIRMAN CROSBY: With Wrentham?

12 COMMISSIONER STEBBINS: Yes.

13 CHAIRMAN CROSBY: And the others,  
14 Gillette and TPC?

15 COMMISSIONER CAMERON: I believe  
16 they did.

17 CHAIRMAN CROSBY: Let's just leave  
18 this an open question. You can find out the  
19 other big attractions.

20 COMMISSIONER STEBBINS: I think it  
21 was important to note that they recognized, I  
22 think it was pretty clear, I think everybody  
23 recognized Foxboro Patriots Place. I think  
24 where Plainville probably somewhat exceeded was

1 identifying TPC. There was another  
2 entertainment venue that escapes me.

3 COMMISSIONER MCHUGH: Comcast.

4 COMMISSIONER STEBBINS: Comcast  
5 Center, thank you, as well as the Wrentham  
6 Outlet Village, which again I think was a  
7 somewhat unique approach to demonstrating that  
8 relationship and how important the mall is the  
9 region.

10 CHAIRMAN CROSBY: Yes. That's the  
11 point. It's interesting the extent to which  
12 those assertions of relationships are actually  
13 translated into agreements. That's what I'm  
14 interested in for those four facilities.

15 MR. HALL: We'll come back with  
16 that.

17 COMMISSIONER ZUNIGA: Commissioner,  
18 our transcriber, you're okay with the speed,  
19 Laurie?

20 THE COURT REPORTER: Yes, I just  
21 can't hear Lyle.

22 COMMISSIONER ZUNIGA: Just on the  
23 microphone and then the speed, Commissioner.

24 MR. HALL: I'm sorry. I just

1 responded to the Chair and said we will come  
2 back tomorrow with a list of which agreements  
3 are available.

4 COMMISSIONER ZUNIGA: Great.

5 CHAIRMAN CROSBY: Thank you.

6 COMMISSIONER STEBBINS: Thank you.

7 Again, support for external business and job  
8 growth is somewhat contradictory to the  
9 perception that gaming facilities only want  
10 patrons to visit and stay within the confines  
11 of their property.

12 We had repeated reference to  
13 contracting businesses with minority-, veteran-  
14 and women-owned businesses throughout all  
15 phases of the project. It was a key feature of  
16 the gaming statute. The requirement to  
17 demonstrate plans for compliance with A & F  
18 administrative bulletin number 14 for any  
19 licensee in the construction process is also  
20 addressed in this section.

21 All three applicants satisfactorily  
22 answered the question about plans to buy  
23 domestically manufactured gaming equipment.  
24 And they all provided a list of their likely

1 vendors.

2           What we were looking for, past  
3 experience, again, important in plans detailing  
4 impacts of cross marketing initiatives. The  
5 extent of relationships with local suppliers  
6 and vendors and arrangements in place with  
7 local and WBE, MBE and VBE vendors. Also a  
8 realistic achievable experience based  
9 projections including quantification of local  
10 spending and vendor arrangements, number of  
11 arrangements and the types of partnerships.

12           All applicants recognized the  
13 significant direct and indirect economic  
14 benefits a gaming facility could have on the  
15 host community and surrounding area. In  
16 general, all applicants demonstrated the  
17 positive impact from their existing operations.  
18 All focused on their commitment to local  
19 spending through provisions in their host and  
20 surrounding community agreements.

21           Where we found some information  
22 lacking was detailed about how these strategic  
23 partnerships would materialize in  
24 Massachusetts. We wanted to balance both an

1 applicant's focus on best efforts with need for  
2 substantive detail. There was some expression  
3 of a 30,000-foot view of how a collaborative  
4 strategy with small business would work, but  
5 needed more detail to show that they were  
6 learning the local area and who their potential  
7 partners could be.

8           Sitting here yesterday, I was mildly  
9 jealous of all of the wonderful slides that  
10 Commissioner McHugh was able to present. I  
11 have included one of my own. It's pretty  
12 attractive. This is our version of a redacted  
13 slide.

14           But to give you a sense of the  
15 spending categories we considered, this  
16 redacted chart categorizes main areas on the  
17 left-hand column. Overall expenditures in year  
18 one for Leominster and Plainville ranged from  
19 \$21 million to \$37 million. Raynham provided  
20 to us an estimated operating cost for a  
21 stabilized year of \$43 million.

22           It's worth noting that I believe  
23 Plainville's estimates also included about \$7  
24 million in spending attributed to horse racing.

1 And Raynham's operating costs reflect  
2 significant entertainment and marketing  
3 spending in years three through five.

4 As we've discussed, operating  
5 expenditures are a function of revenue. And if  
6 financial projects are estimated to be too high  
7 then that would reduce operating expenditures  
8 proportionally.

9 Here are support for external  
10 business ratings. With respect to Leominster,  
11 it'll follow strategies that they've used in  
12 connection with their operation at Maryland  
13 Live with respect to relationships with local  
14 businesses, outreach programs, cross marketing,  
15 loyalty cards. I was intrigued by using  
16 potential local restaurant operators as third-  
17 party operators for food and beverage in their  
18 casino.

19 Past experience, again Maryland Live  
20 was detailed. They provided some MOUs with  
21 local chambers and other organizations,  
22 committed as all of the parties were to follow  
23 the host community agreement with respect to  
24 identifying appropriate union labor.

1 Detailed plans to work with local  
2 business, vendors in construction and  
3 operations. Their past history was provided  
4 with some of those ratios. Offer detailed  
5 means of assisting businesses in terms of bid  
6 splitting, quotation lead times, bid  
7 assistance, detailed their plans to work with  
8 MBE, WBE and VBE business vendors.

9 Their diversity plan and past  
10 experience was also detailed. They also  
11 acknowledged that they plan to beat some of the  
12 required guidelines for MBE and VBE  
13 participation as mentioned previously in that  
14 administrative bulletin.

15 The applicant at this stage also  
16 referred to their support for M3D3. That  
17 routinely came up in their presentations. We  
18 reviewed PPE's Leominster participation and  
19 stakeholder involvement in the project. Job  
20 creation numbers for this program are somewhat  
21 speculative, but we did give them credit for  
22 what we'd call thinking outside the box, how  
23 they could strengthen the overall region of the  
24 state.



1           If they are awarded a license, I  
2 would suggest that making a commitment to M3D3  
3 would be a special condition of the license.

4           Here again also and this is a term  
5 that we've also heard repeatedly in some of the  
6 presentations, the Gateway City status was  
7 mentioned here. This status is through an  
8 initiative through the Executive branch.

9           Gateway Cities must reach the  
10 following criteria: population greater than  
11 35,000 and less than 250,000, a median  
12 household income below the state average, and  
13 the rate of educational attainment of a  
14 bachelor's degree or above that is below the  
15 state average.

16           The designation highlights really an  
17 economic condition of older industrial cities,  
18 and directs other programmatic money to these  
19 cities through other branches of the executive  
20 branch.

21           Plainville, detailed plans to work  
22 with local business again focusing on their  
23 play, stay and shop packages and relationships.  
24 Detailed plans to work with local suppliers,

1 outreach fairs, meetings, expo. Already  
2 conducted some of these type of events at  
3 Plainridge. Their past experience with  
4 detailed in letters of endorsement from other  
5 communities.

6           They did provide some detailed plans  
7 to MBE, WBE and VBE business vendors and their  
8 diversity plan was provided. They have  
9 extensive past experience most recently from  
10 Ohio, which was highlighted in this section of  
11 the application.

12           Raynham also plans to use local  
13 businesses as vendors and service providers.  
14 They included endorsement letters from some key  
15 organizations adjacent to their facility in  
16 Pennsylvania. They obviously also have  
17 commitments in their host community and  
18 surrounding community agreements for hiring  
19 locally, using local firms and vendors  
20 primarily in the host and surrounding  
21 communities.

22           They did offer some plans to work  
23 with local suppliers, businesses, advertising  
24 in vendor fairs, similar strategies that the

1 other two applicants highlighted.

2           Their plans to assist business  
3 through outreach and membership in local  
4 organizations and funding some of those local  
5 organizations was highlighted. They detailed  
6 plans also for MBE, WBE and VBE business vendor  
7 participation. Strong projections for benefit  
8 to the regional business and economy due to  
9 projected higher revenues.

10           Through all that and through some of  
11 their plans, what was lacking that we could  
12 find was specific community partners that they  
13 were planning to work with for outreach. Only  
14 one community partner was identified.

15           COMMISSIONER MCHUGH: Could I -- Oh,  
16 I'm sorry, you're already here.

17           COMMISSIONER STEBBINS: Do you want  
18 to go back?

19           COMMISSIONER MCHUGH: No, this is  
20 where I wanted to ask the question after you  
21 finish with this.

22           COMMISSIONER STEBBINS: You're not  
23 allowed to ask questions.

24           CHAIRMAN CROSBY: He doesn't like to

1 be interrupted.

2 COMMISSIONER STEBBINS: I don't like  
3 to be interrupted. Just kidding. Job creation  
4 components.

5 CHAIRMAN CROSBY: I'm sorry. I  
6 thought you were still on this other one.  
7 Criteria number 16 in the legislation is the  
8 one that talks about commitments to diverse  
9 suppliers and so forth. And it calls for  
10 specific goals. And are there specific goals?  
11 And could you give us a flavor of what they  
12 are? And are they pretty much the same?

13 COMMISSIONER STEBBINS: I would say  
14 there are specific goals when it comes to  
15 involvement in minority, women and veterans in  
16 the construction process. That's through the A  
17 & F administrative bulletin 14.

18 Most of the applicants said we can  
19 meet that, we have plans to meet that or in an  
20 attempt to exceed that. And they demonstrated  
21 from their track record where they've been able  
22 to do that. I think where there was some  
23 disconnect is how they plan to meet those  
24 objectives here in Massachusetts.

1           CHAIRMAN CROSBY: In operations or  
2 in construction or both?

3           COMMISSIONER STEBBINS: Just as it  
4 relates to administrative bulletin 14, which is  
5 a component of construction. There wasn't, I  
6 don't believe, and we can go back and check,  
7 but I don't believe that any of them set  
8 guidelines for vending with minority-, women-  
9 or veteran-owned businesses.

10           I don't think any of them actually  
11 set targets. I think they all expressed good  
12 faith efforts. And where we looked behind that  
13 was to the level of detail in their strategies  
14 to be successful.

15           CHAIRMAN CROSBY: Because I think  
16 this criteria calls for -- it says identify  
17 specific goals. And I think this is an area  
18 that we have chosen to interpret very  
19 aggressively and to make it an important  
20 criteria. And if there aren't, and I've seen  
21 this in our own review. In the operations  
22 area, it's a lot fuzzier than in the  
23 construction area. And it's not perfect in the  
24 construction area.

1           So, I think this would be an area  
2 that if they are the same then it doesn't make  
3 much difference in terms of the ratings. But  
4 as we make a selection, I don't think it's good  
5 enough to just have warm and fuzzy promises.

6           I think we need more than that. And  
7 we ought to figure out a way to condition that.  
8 We need something that Director Griffin can  
9 watch and say are you doing what you said you  
10 would do or not? This is clearly something  
11 that the Legislature wanted to make a high  
12 priority and we do too.

13           COMMISSIONER STEBBINS: We are happy  
14 to go back and look at that question and then  
15 go back and review --

16           CHAIRMAN CROSBY: I'd be interested,  
17 Lyle, if you would give us the particulars,  
18 such particulars as there are on those two  
19 categories.

20           MR. HALL: We will do that, yes.

21           COMMISSIONER MCHUGH: I actually did  
22 have a question here if you will indulge me.

23           COMMISSIONER STEBBINS: Sure.

24           COMMISSIONER MCHUGH: And it has to

1 do with the short narrative you had with the  
2 M3D3 proposal. Was there was any management or  
3 is it possible to make a measurement of the  
4 anticipated yield from what might be viewed as  
5 seed money here or partial support for an  
6 industry, i.e., is there any way to figure or  
7 did we figure out likely yields from the \$1  
8 million a year investment?

9           It seems to me that in some cases a  
10 commitment to invest X number of dollars in an  
11 industry or X number of dollars in a local  
12 industry of some kind would provide a floor for  
13 businesses to start and job creation that went  
14 beyond the direct investment. Is there any way  
15 to measure that?

16           COMMISSIONER STEBBINS: You know,  
17 what we looked at what we examined and we also  
18 took the opportunity to talk to other folks in  
19 state government who have helped to provide  
20 seed money to the UMass Lowell M2D2 program,  
21 which is kind of, I think a more preliminary  
22 stage of assistance program through UMass  
23 Lowell.

24           I think what we looked at was what

1 their level of commitment was. What role the  
2 applicant was going to play. Are they truly a  
3 stakeholder in the process as opposed to just  
4 handing over a check every year.

5 I think most of the information that  
6 we found that was available, as I alluded to  
7 earlier, was somewhat speculative and what they  
8 thought the end result would be. They  
9 obviously again, I thought it was somewhat of a  
10 creative approach in their application. It  
11 certainly demonstrated an awareness of the  
12 region and the economy around them.

13 But we were basing it off of again,  
14 it's a brand-new program. I don't think  
15 there's a significant track record they were  
16 following and projecting a certain increase in  
17 jobs. But we can also go back and take a look  
18 at that.

19 COMMISSIONER MCHUGH: There's no  
20 need to do it with respect to that. I was  
21 thinking more generically that if -- the  
22 thought being if you could show a level of  
23 investment of X then entrepreneurs could raise  
24 a certain amount of money and have a net of X



1 plus Y. But the Y would be impossible unless  
2 they had the X. And I don't know whether you  
3 can measure that or how you do it or whether  
4 you have to do it on a specific business plan.

5           CHAIRMAN CROSBY: I can actually  
6 speak to that a little bit because we looked at  
7 this in my area. I'll talk about this. One  
8 of the reviewers on our team was the guy who's  
9 in charge of Mass. Challenge which is a  
10 dramatic startup funding incubator comparable  
11 kind of an organization that gives challenge  
12 awards to startup companies. So, he was able  
13 to speak quite articulately to it.

14           Two things on that. One is we  
15 talked with the people from Cordish and said  
16 would you be flexible and amenable to how this  
17 program works, because we think we could bring  
18 expertise to the table in making sure that it's  
19 not just a check that there's other resources  
20 brought to bear. And how the contests are run  
21 and what size of the awards and so forth. They  
22 were ecstatic to the idea that they might get  
23 help on that, were receptive to it, one.

24           And two, for what it's worth, John

1 Hawthorne who is the CEO of Mass. Challenge,  
2 you simply can't predict with any degree of  
3 certainty what you would get out of this, but  
4 having -- Their idea is 10 grants of \$100,000  
5 each year at least.

6           Having \$100,000 from an organization  
7 like this does give you credibility with other  
8 angel investors, other early-stage investors,  
9 makes it much likely you'll be able to get  
10 early-stage money. And if you do five, 10, 15,  
11 20, 30, 40, 50 of these over a course of a few  
12 years, you're going to hit one or two. And if  
13 one of them turns to be Medi-Tech, then you've  
14 generated 25,000 jobs.

15           So, there's simply no way you can  
16 predict a real number, but you can predict with  
17 some degree of certainty that over a period of  
18 time, it will produce something real and  
19 material.

20           COMMISSIONER MCHUGH: I am  
21 interrupting you. I'll save this for Steve's  
22 presentation because I have some other  
23 questions along that line but I don't want to  
24 interrupt.

1           COMMISSIONER ZUNIGA: I now want to  
2 ask a couple questions, if I may.

3           COMMISSIONER STEBBINS: Sure.

4           COMMISSIONER ZUNIGA: As per the  
5 description, there's a lot of goals as well on  
6 organized labor in the statute. Is this the  
7 section where we are evaluating?

8           COMMISSIONER STEBBINS: No. It's  
9 going to fall into -- where there's break in  
10 the series of questions are. It's kind of  
11 interesting, but it falls under jobs, because  
12 they talk about labor as part of the workforce.  
13 But the questions extend into PLA, labor  
14 harmony and things like that.

15           COMMISSISONER ZUNIGA: We can get to  
16 that. I had a second question that I believe  
17 is here, which you mentioned relative to  
18 racing. In the case of Plainville they  
19 maintain racing. You mentioned \$7 million or  
20 so of spend to maintain those operations.

21           COMMISSIONER STEBBINS: Right.

22           COMMISSIONER ZUNIGA: First of all,  
23 Raynham also has a commitment on racing, even  
24 though it's a partial commitment.

1                   COMMISSIONER STEBBINS: Correct. We  
2 focused on that. I believe that showed up in  
3 their part of the application under the tourism  
4 piece.

5                   COMMISSIONER ZUNIGA: Okay. Thank  
6 you.

7                   COMMISSIONER STEBBINS: Job creation  
8 components, this criteria calls for the  
9 Commission to review job counts, quality of  
10 jobs as evidenced through salaries and  
11 benefits, hiring strategies and overall HR  
12 policy and practices.

13                   In addition, we examined how an  
14 applicant planned to hire local residents and  
15 methods for training employees and meet the  
16 statute's requirement to provide new employment  
17 opportunities for the unemployed and  
18 underemployed and how do you reach those target  
19 populations.

20                   Employee retention and strategies  
21 for improving retention were a critical piece.  
22 Expectations are that new employees may resign  
23 their positions in the short term as they  
24 become acquainted with the requirements of

1 employment and specific duties.

2           Finally, we wanted to look to an  
3 applicant's overall goal of allowing for  
4 unionization, their past track record and  
5 efforts to ensure a labor harmony.

6           What we were looking for, again, we  
7 were looking for applicants to give us a  
8 detailed and realistic plan for hiring,  
9 employment levels, benefits and provide  
10 projected employment when the resort  
11 destination casinos came online. Applicants  
12 provided to varying degree information based on  
13 existing operations in other jurisdictions.

14           Applicants demonstrated an awareness  
15 of the staffing requirements for the proposed  
16 facility. This we would find under the what we  
17 found/didn't find. For their proposed  
18 facilities, but for the most part we felt they  
19 fell short in describing how staff would be  
20 identified, trained and retrained, notably the  
21 underemployed and unemployed.

22           Applicants were certainly sensitive  
23 to affirmative action requirements. And the  
24 workforce development plans had limited detail

1 providing little focus on career path  
2 advancement opportunities and pre-employment  
3 programs.

4 Another one of my lovely slides.  
5 Before I discuss what I can in this slide, I  
6 should mention that we went back to each  
7 applicant and asked for additional detail with  
8 respect to their application. We asked for a  
9 more detailed breakdown of full-time and part-  
10 time positions, FTEs, salaries, benefits and  
11 unionization.

12 We also asked for these numbers to  
13 be projected by the applicants in the first  
14 year of operation and for a subsequent year  
15 when competition was introduced in  
16 Massachusetts. It was their so-called  
17 stabilized year or maximum competition year.

18 Leominster had the most consistent  
19 numbers from year one to the stabilized year.  
20 Plainville rejected -- reflected, I'm sorry, a  
21 decrease in overall FTEs from year one to the  
22 stabilized year showing the impact of full  
23 competition. Raynham's FTE counts reflected an  
24 increase in non-gaming FTEs between year one

1 and the stabilized year based on projected  
2 increase in non-gaming and entertainment  
3 offerings.

4           Again, I want to echo here before we  
5 start talking about the ratings is we had the  
6 opportunity, I had the opportunity with my  
7 colleagues to do the site visits to their  
8 facilities in other states. I was impressed  
9 with the level of attention that they give to  
10 their employees, the level of services they  
11 give to their employees.

12           CHAIRMAN CROSBY: Are you talking  
13 about all of them?

14           COMMISSIONER STEBBINS: I am talking  
15 about all of them. Just an observation from  
16 the site visit, what impressed me were the  
17 accommodations and facilities that they make  
18 available to their employees kind of behind the  
19 scene.

20           A very good example was Parks.  
21 Their employee cafeteria behind the scenes  
22 really could have stood up to any of their fine  
23 dining facilities that they had out on the  
24 gaming floor. So, I give certainly credit and

1 make that note about all three of the  
2 applicants.

3           Notes on Leominster, again, I  
4 mentioned they have the most stable payroll FTE  
5 count over the five-year period tied to  
6 revenue. They did detail for us past  
7 experience with retention, training and  
8 benefits. They had an MOU that they  
9 highlighted with the Arc of Opportunity to  
10 offer job opportunities for the disabled who  
11 are often underemployed or at higher risk of  
12 unemployment.

13           They referenced working with the  
14 Mass. Community College Casino Career Training  
15 Institute as well as an agreement with  
16 Fitchburg State for student internships. This  
17 mirrors their success working with Anne Arundel  
18 Community College to facilitate job access,  
19 workforce development. They focused also on  
20 job fairs, employment center.

21           Detailed job descriptions were  
22 somewhat lacking detail regarding their  
23 training programs and development and career  
24 paths. They did mention their intention to



1 work with the unions. They have I believe one  
2 union endorsement letter that was included as  
3 part of their application.

4           They had somewhat detailed employee  
5 retention strategies. They also shared with us  
6 what their past turnover rates were. They will  
7 use a diversity plan created especially for  
8 this proposed facility. There's a commitment  
9 to diversity, affirmative action and it's  
10 detailed from their past experience again.

11           They also agreed, it's one of the  
12 questions posed to them at the host community  
13 hearings to verbally agree to negotiate  
14 employment levels as a condition of their  
15 license.

16           Plainville holds the lowest payroll  
17 and average payroll and FTE count. We  
18 discussed that that might be more realistic and  
19 can better withstand increased competition.  
20 They have a higher union representation which  
21 demonstrates what we suggest are longer-term  
22 obligations. More dedicated to medical and  
23 dental benefits for full-time staff than the  
24 other two applicants.

1           Focusing on recruiting 90 percent of  
2 their employees from the host and surrounding  
3 communities. Provided past experience  
4 specifically targeting the unemployed and  
5 underemployed populations. Provided a  
6 workforce development plan, again job fairs,  
7 advertising and internal training.

8           Commitment to diversity, affirmative  
9 action was clearly laid out in their  
10 application. Their HR plans could use a little  
11 more detail regarding training programs,  
12 developing career pathways but their past  
13 experience shows some monetary contribution to  
14 those specific areas within HR.

15           Strong union labor representation  
16 agreements in place and strong history of union  
17 labor. They've also notified us that they have  
18 signed a project labor agreement with the  
19 building trades.

20           They shared with us this, it came up  
21 again at one of the host committee hearings,  
22 what I thought were creative strategies for  
23 reducing retention -- or increasing retention,  
24 sorry. Their current turnover rate was

1 slightly higher than the other two applicants.  
2 Also, they committed in writing to maintaining  
3 employment levels also as a condition of their  
4 license.

5           Raynham, aggressive revenue  
6 projections and the highest overall employee  
7 count and payroll. Their plan is for 80  
8 percent of local hires through their host  
9 community and surrounding community agreements.  
10 They also mentioned efforts to work with the  
11 Mass. Community College Casino Career Training  
12 Institute and other local community colleges  
13 for training assistance.

14           There is limited detail on targeting  
15 underemployed and unemployed populations beyond  
16 their plans to go back and try to recruit some  
17 former Raynham Park employees who may still be  
18 unemployed.

19           Commitment again in the host  
20 community agreement for training and  
21 development and reference experience again at  
22 their facility in Pennsylvania. We could not  
23 find details on an affirmative action plan or  
24 other reference copying Parks facility in

1 Pennsylvania.

2           Stated intentions to use union  
3 labor, although no formal agreements beyond a  
4 letter of support from a local union was  
5 provided. Financial projections indicate the  
6 lowest percentage of union payroll and  
7 percentage of union jobs as a total of their  
8 FTE count.

9           Provided a retention ratio which is  
10 strong and plans for employee retention were  
11 highlighted at the host community hearing.

12           We could not find any diversity  
13 plans provided for in the application but they  
14 do reference minority employment breakdown at  
15 their facility in Pennsylvania. Again, they  
16 would also provide for horse racing employment  
17 should they be selected.

18           COMMISSIONER MCHUGH: Could I ask  
19 one question here?

20           COMMISSIONER STEBBINS: Yes.

21           COMMISSIONER MCHUGH: On the  
22 blackout slide when it's unblacked out, there  
23 are numbers for -- there are payroll numbers  
24 and then there are numbers for benefits. Are

1 the benefits included in the payroll numbers or  
2 are they in addition to the payroll numbers?  
3 In other words, the average salary is X. Then  
4 the chart also lists the average benefits are  
5 Y. Is the Y part of X or is it X plus Y?

6 MR. HALL: We have both payroll and  
7 benefits number available separately.

8 COMMISSIONER MCHUGH: Yes, but are  
9 the benefits included in the payroll number or  
10 are they in addition to the payroll number,  
11 whatever that is?

12 MR. HALL: In the unredacted  
13 material that you have, you have the straight  
14 payroll number and the payroll number plus  
15 benefits and the benefits shown separately, so  
16 all three.

17 COMMISSIONER MCHUGH: Okay. I'll  
18 look again. Thank you.

19 COMMISSIONER CAMERON: Question, the  
20 last slide we spoke about before we went back  
21 to the blackout slide, which was the job  
22 creation rating. I know at the bottom, the  
23 last bullet you talk about the M3D3. And then  
24 you have maintaining racing employment. It's

1 not mentioned at Raynham at all. I suspect  
2 that's because there are no plans or numbers.  
3 Is that accurate? There's a partial commitment  
4 for racing but yet not a detailed plan?

5 COMMISSIONER STEBBINS: Again, as I  
6 mentioned at the start, some of my notes don't  
7 always reflect what you are going to see on the  
8 slide but we did mention that Raynham would  
9 also provide horse racing employment should  
10 they be selected. But I don't think we have a  
11 concrete number as to what that horse racing  
12 employment would be.

13 COMMISSIONER CAMERON: I know there  
14 was a memo that I read regarding this,  
15 regarding actually comparing the on-site  
16 amenities, the additional --

17 COMMISSIONER STEBBINS: What we are  
18 calling additional business strategies, for  
19 lack of a better term.

20 COMMISSIONER CAMERON: Yes. Did you  
21 have a chance to analyze those three aspects of  
22 the application or of the evaluation?

23 COMMISSIONER STEBBINS: I am not  
24 sure I'm clear about your question.

1           COMMISSIONER CAMERON: For example,  
2 jobs.

3           COMMISSIONER STEBBINS: Oh, looking  
4 at jobs connected with racing and connected  
5 with the M3D3?

6           COMMISSIONER CAMERON: Correct.

7           COMMISSIONER STEBBINS: Again, our  
8 intention from the start was to analyze each as  
9 apples to apples slots parlor evaluation.  
10 There's obviously employment related to both  
11 the existing pari-mutuel facility at Raynham.  
12 There's existing jobs that we know are  
13 available at Plainville. We also have the  
14 potential for jobs being created through  
15 Leominster's proposal to make a contribution to  
16 the M3D3 program.

17           But I think where we wound up with  
18 the information that we got back was strictly  
19 slots parlor operation and what those jobs were  
20 and how they broke out. So, we're still kind  
21 of keeping those factors separately until we've  
22 gone through the analysis.

23           COMMISSIONER CAMERON: So, you'll  
24 talk about that later? Or maybe I could have

1 Rob speak about that, because I do think it's  
2 an important piece here.

3 COMMISSIONER STEBBINS: I think it's  
4 an important piece as well. Again, my goal in  
5 going through this section of the application  
6 was to again compare everybody apples to  
7 apples. Maybe we do have information available  
8 we can certainly look at.

9 But I left that to the side as we  
10 plan to deliberate after all of the  
11 presentations are through and figure out I  
12 think collectively where we feel that needs to  
13 be part of the discussion and how to weigh in  
14 with it.

15 COMMISSIONER CAMERON: Okay. I just  
16 didn't know any new information would be  
17 delivered tomorrow. And that's new information  
18 I would think. Maybe I can ask Rob to talk  
19 about that later. I don't want to interrupt.  
20 Please finish.

21 COMMISSIONER ZUNIGA: Could I just  
22 maybe clarify then?

23 COMMISSIONER STEBBINS: Sure.

24 COMMISSIONER ZUNIGA: So, the



1 previous slide the one that's blacked out, the  
2 number under any one of them, but let's just  
3 say Plainville for that matter, those numbers  
4 do not include racing related jobs?

5 MR. HALL: The Plainville numbers do  
6 include racing related jobs in non-gaming.

7 COMMISSIONER MCHUGH: In non-gaming?

8 MR. HALL: In non-gaming.

9 CHAIRMAN CROSBY: Wait a second say  
10 that again. Plainville includes --

11 MR. HALL: The individuals who are  
12 working in the pari-mutuel operation, the horse  
13 racing operation are included in this chart in  
14 non-gaming to keep the comparison of the gaming  
15 floors more similar between the three  
16 applicants.

17 CHAIRMAN CROSBY: Okay. So, they  
18 are included in the 575 number.

19 MR. HALL: Yes, they're included.  
20 But they're included in the non-gaming.

21 COMMISSIONER STEBBINS: I'm sorry.  
22 My apology for that.

23 CHAIRMAN CROSBY: And the Raynham  
24 number does not include jobs associated with

1 the facility, the projected facility in  
2 Brockton?

3 MR. HALL: It does not.

4 COMMISSIONER ZUNIGA: What about  
5 M3D3 projected?

6 COMMISSIONER STEBBINS: That's not  
7 included in the Leominster numbers.

8 COMMISSIONER MCHUGH: And I take it  
9 that lack of inclusion stems from the lack of  
10 any information in the application that would  
11 allow one to conclude how many jobs are  
12 involved, right?

13 MR. HALL: There was no information  
14 provided by Leominster with respect to M3D3  
15 payroll numbers. And these payroll numbers are  
16 at the site.

17 COMMISSIONER MCHUGH: Right. And  
18 there was no information provided by Raynham  
19 for the jobs if they get into the racing  
20 business; is the right?

21 MR. HALL: There was not because  
22 that was subject to a couple of conditions, not  
23 the least of which is that racing ceased at  
24 Plainridge.

1           COMMISSIONER MCHUGH: Right. I just  
2 want to clarify why there's numbers for one and  
3 not for the other two. The bottom line is we  
4 weren't provided with any numbers.

5           MR. HALL: Right, correct.

6           COMMISSIONER ZUNIGA: So, the delta  
7 between 671 and 575 is greater because one  
8 includes racing and the other one doesn't  
9 include non-gaming, let's say.

10          MR. HALL: The delta on the gaming  
11 side is very similar. The delta on the non-  
12 gaming site is greater.

13          In other words, the gaming floors  
14 are reasonably similar. And the reason we put  
15 the racing numbers in in non-gaming is each of  
16 the applicants have different non-gaming  
17 activities they're doing in their proposals.

18          COMMISSIONER ZUNIGA: Oh, there  
19 would be more, say food and beverage over at  
20 Leominster, for example?

21          MR. HALL: Exactly.

22          CHAIRMAN CROSBY: Excuse me. And I  
23 gather you found those numbers credible,  
24 basically? You're not discounting any of those

1 numbers particularly.

2 COMMISSIONER STEBBINS: Discounting  
3 their accuracy?

4 CHAIRMAN CROSBY: Yes.

5 COMMISSIONER STEBBINS: Again, this  
6 was information that was provided to us by the  
7 applicants. I think, as I mentioned, we asked  
8 for first full year of operations and then we  
9 somewhat allowed them to give us numbers for  
10 full competition or maximum competition. And  
11 it goes back to Leominster was relatively  
12 consistent between the first year and the  
13 stabilized year.

14 Plainville reflected a decrease  
15 brought on by the increased competition. And  
16 Raynham saw a reflection of growth in jobs  
17 between their first year and their stabilized  
18 year. And most of that was in non-gaming and  
19 part-time employment. Is that right?

20 MR. HALL: That's correct. And I  
21 think we're limited here to what was in the  
22 public aspects of the applications, which were  
23 the first-year numbers. The question you asked  
24 about are these numbers deemed credible. The

1 first year numbers are more reasonable. The  
2 third year numbers, as Commissioner Stebbins  
3 has mentioned, we think are somewhat aggressive  
4 in Raynham with respect to some of the non-  
5 gaming elements they are proposing.

6 COMMISSIONER MCHUGH: What were the  
7 non-gaming elements generically, do you re  
8 member?

9 MR. HALL: Primarily entertainment  
10 and food and beverage.

11 COMMISSIONER MCHUGH: Yes, okay.

12 MR. HALL: The multipurpose area.

13 COMMISSIONER MCHUGH: Okay.

14 COMMISSIONER STEBBINS: Just to wrap  
15 up, again, it certainly bears repeating.

16 CHAIRMAN CROSBY: Sorry, I got one  
17 more. Go back to the summary of jobs, the  
18 rating, I'm sorry. The significant difference  
19 if I am remembering this right between  
20 Leominster and Plainville was that Leominster  
21 has about 20 percent more jobs, which I think  
22 you said was the sine qua none sort of of your  
23 criteria.

24 You would think that would give the

1 Leominster site an advantage. Was there  
2 something that offset that? Was there  
3 something that Plainville did that was equally  
4 dramatically better that leveled that out?  
5 With that big of a difference in jobs, I wonder  
6 how you came to this conclusion.

7           COMMISSIONER STEBBINS: We came to  
8 the conclusion, again, my feeling is that as we  
9 discussed Plainville had most realistic in  
10 payroll and labor estimates between year one  
11 and stabilized year or year of maximum  
12 competition.

13           I think it certainly was probably a  
14 more conservative approach. It may just be an  
15 approach brought on by their experience  
16 operating other facilities.

17           I think with Leominster, we saw the  
18 stable payroll and FTE employee counts between  
19 year one and the maximum competition year. I  
20 guess that posed a question for us as to,  
21 again, how realistic those numbers were to  
22 maintain the employment.

23           I think even when we went out to the  
24 host and surrounding community hearings, we

1 asked the applicants how do you plan to deal  
2 with a projected reduction in jobs when  
3 Category 1 competition comes into play? Each  
4 of them laid out their strategies for us. So,  
5 that to me somewhat conflicted with kind of the  
6 numbers that didn't show a dramatic fallout.

7 CHAIRMAN CROSBY: I thought Lyle was  
8 saying that they had a problem and you  
9 mentioned you had a problem with the Raynham  
10 numbers. I didn't hear you say you had a  
11 problem with the Leominster numbers as well.

12 MR. HALL: I think despite the fact  
13 that Leominster is 20 percent in that order of  
14 magnitude, I think from an operating point of  
15 view that's not that far apart when the rubber  
16 meets the road and they're actually in there  
17 running the operations.

18 The Raynham numbers were  
19 considerably higher than that in the following  
20 years. And we were concerned just the gap  
21 there was too large.

22 CHAIRMAN CROSBY: Okay.

23 COMMISSIONER ZUNIGA: I was actually  
24 going to have the opposite question not on jobs

1 but on labor agreements. I suspect when this  
2 went to print -- we received recently a letter  
3 of signed agreement with the construction  
4 trades in the case of Plainville. You did  
5 mention that in your remarks.

6 COMMISSIONER STEBBINS: I did  
7 mention that.

8 COMMISSIONER ZUNIGA: That would  
9 make one believe that they are only doing at  
10 this point outreach and a positive track  
11 record. So, perhaps that is one of the  
12 differentiators that maybe offsetting them.

13 But is there anybody or efforts or  
14 could you mention relative to their operations  
15 in terms of labor agreements for the operating  
16 piece? Everybody seems be focused a lot on the  
17 construction trades, but how about the card  
18 dealers and hospitality workers?

19 COMMISSIONER STEBBINS: I believe I  
20 have a sense of what letters may have been  
21 included in the application. But I'd rather go  
22 back and be sure and come back to you with a  
23 list of what those are. Because I think each  
24 applicant has letters and maybe agreements that



1 we can give you more detailed information back.

2 COMMISSIONER ZUNIGA: Okay. Thank  
3 you.

4 COMMISSIONER STEBBINS: Again, I  
5 think it bears repeating that all applicants  
6 were capable of operating a successful Category  
7 2 slots parlor. A certain percentage of new  
8 jobs and external business development and  
9 tourism impacts are going to accrue regardless  
10 of who's selected because of what we have all  
11 seen is a pent-up demand in Massachusetts.

12 We have consistently heard in public  
13 hearing after public hearing the question about  
14 how this Commission can select an operator that  
15 would meet the promises of jobs and revenues  
16 expressed to the Commonwealth and a host  
17 community. And in conjunction with a financial  
18 analysis presented earlier, an applicant could  
19 set themselves apart by providing realistic  
20 projections for employment.

21 Success in other jurisdictions  
22 needed to be demonstrated and strong evidence  
23 that an applicant could effectively translate  
24 their successful strategies into substantive

1 action plans in Massachusetts. We were looking  
2 for applicants to again have an understanding  
3 of relationships and potential partnerships  
4 here in Massachusetts to help the new licensee  
5 hit the ground running was also essential.

6 Finally, each applicant started off  
7 on the same footing. Again, we wanted them to  
8 demonstrate how you would be a successful slots  
9 parlor licensee in Massachusetts. If there  
10 needs to be some differentiation, the  
11 additional business strategies would need to be  
12 considered.

13 For two of our applicants,  
14 Plainville and Raynham, this would be a  
15 continuation of the horse racing in one form or  
16 another. For Leominster this was the financial  
17 support of the M3D3 program.

18 Just to show again ratings by  
19 category. With input from my reviewers, I've  
20 rated two applicants very good for their  
21 ability to achieve our economic development  
22 objectives.

23 COMMISSIONER CAMERON: Commissioner,  
24 by reading that do you view -- I know very good

1 can mean, it's a broad range. So, in your  
2 assessment are Leominster and Plainville equal  
3 in this category? There is no distinction or  
4 do you have other thoughts on that?

5 COMMISSIONER STEBBINS: I think they  
6 were both -- I think each had varying strengths  
7 within their application. I can give you some  
8 anecdotal evidence where one might have had a  
9 leg up on another.

10 Leominster's agreement with the Arc  
11 of Opportunity, an organization we heard about  
12 when we went out there to help underemployed  
13 and unemployed individuals was probably more of  
14 a detailed plan than I could recall us finding  
15 under the Plainville section.

16 So, I think as we went through it,  
17 Plainville I think has made more substantive  
18 progress with respect to the labor issues and  
19 coming up actually is the only one with a  
20 project labor agreement with the building  
21 trades. That in my estimation maybe gave them  
22 a slight edge up in that category specifically  
23 under job creation.

24 So, there certainly are fine details

1 and anecdotal points between both of their  
2 applications that one would maybe outweigh the  
3 other. But again to kind of give it an overall  
4 category rating, I think both of those  
5 organizations performed very strong.

6 COMMISSIONER CAMERON: Thank you.

7 CHAIRMAN CROSBY: Anybody else?

8 COMMISSIONER CAMERON: Maybe it's a  
9 process question, I was very interested in this  
10 memo that Rob Scarpelli prepared for you,  
11 Commissioner, regarding the economic  
12 development components of the Category 2  
13 applications not tied to the slot machines. I  
14 know you mentioned them, but I found this memo  
15 to be important. And it helped me understand  
16 some of the other amenities.

17 I don't know that all of the  
18 Commissioners had a chance to look at this  
19 memo. I think it's important for tomorrow but  
20 I would just like Rob to talk a little bit  
21 about it if that makes sense now or tomorrow.  
22 I don't know when that would make sense.

23 COMMISSIONER STEBBINS: We could  
24 make that information available but I would

1 rather take a moment and maybe make it  
2 available for tomorrow after we have a chance  
3 to have legal counsel review it and see if  
4 there's anything that needs to be redacted.

5 COMMISSIONER CAMERON: Okay. That  
6 would be fine thank you.

7 CHAIRMAN CROSBY: Or maybe you can  
8 do that during lunch. It'd be nice if we could  
9 get all of our base data out of the way today  
10 so that tomorrow we answer questions and  
11 deliberate. So, if you can have that  
12 conversation during lunch, then we'll start off  
13 with that after lunch.

14 COMMISSIONER MCHUGH: We can  
15 certainly see it even if there are things to be  
16 redacted.

17 CHAIRMAN CROSBY: You can give it to  
18 the Commissioners, yes.

19 COMMISSIONER MCHUGH: Not here, I'm  
20 not talking about using it here. It can be  
21 distributed all of us today, regardless of  
22 whether there has to be any redactions.

23 COMMISSIONER CAMERON: I just found  
24 it to be particularly helpful to understanding

1 the issues.

2 CHAIRMAN CROSBY: John is suggesting  
3 that if I do my presentation now, which won't  
4 be terribly long but who knows what kind of  
5 Q & A we'll have, that that would give the  
6 applicants the maximum time to get back to  
7 staff with questions. And then staff to review  
8 the questions, save an hour if we did that  
9 before lunch.

10 Maybe what we ought to do is take a  
11 very quick break. And then I'll come back. If  
12 you are all right with that, I'll do my  
13 presentation.

14 COMMISSIONER MCHUGH: I think that's  
15 an excellent idea.

16 CHAIRMAN CROSBY: We'll do my  
17 presentation, then lunch. And after lunch  
18 maybe if you can be ready to make that  
19 presentation.

20 COMMISSIONER STEBBINS: Sure.

21 CHAIRMAN CROSBY: So, we will be  
22 back in five minutes.

23

24 (A recess was taken)

1           COMMISSIONER MCHUGH: We are ready  
2 to resume now with the 100 and something public  
3 meeting. The break is concluded. And we will  
4 turn out to the final presentation, which is  
5 the overview presentation category one,  
6 sometimes as we've said before known as the Wow  
7 factor, Chairman Crosby.

8           CHAIRMAN CROSBY: Thank you, very  
9 much. Let's go to the first slide. There were  
10 nine questions in the overview section as  
11 opposed to the many, many more that were in the  
12 other four evaluation categories. So, we  
13 didn't need to do any grouping of the questions  
14 into subsets.

15           We'll just look at each of the  
16 individual questions. And when we get to each  
17 of the questions, I'll read it out loud so  
18 people are familiar with the details of the  
19 question.

20           For reasons which will become  
21 clearer as I talk about this, rather than hire  
22 professional consultant teams, what we did was  
23 put together a group of just interested, quite  
24 different kinds of people with broad experience

1 and a lot of kind of related policy issues but  
2 no particular expertise relating to any  
3 particular one of our questions. Just people  
4 who would be representative of thoughtful  
5 perspectives from across the Commonwealth who  
6 would help us make these judgments about these  
7 nine questions.

8           And the people were Theresa Cheong  
9 who is a senior development coordinator at the  
10 Asian-American Civic Association. Phil Clay,  
11 Dr. Phil Clay who is a professor of city  
12 planning at MIT, was the Provost at MIT. Liz  
13 Devlin who in her night and afternoon work --  
14 night and weekend work is founder and digital  
15 curator of Flux Boston, an arts organization.  
16 But she is very much a left brain and right  
17 brain person. And she works as a financial  
18 analyst during the day.

19           Ruth Ellen Fitch, is a former  
20 corporate attorney and was president for  
21 several years of the Dimock Community Health  
22 Center. John Hawthorne is the founder and CEO  
23 of Mass. Challenge, an incubator  
24 entrepreneurial sponsorship organization. Ira



1 Jackson took my place as Dean in the McCormack  
2 graduate school at UMass Boston.

3           John Mullen, professor of regional  
4 planning and also has held some high-level  
5 administrative positions at UMass Amherst.  
6 Lily Mendez-Morgan is the chief operating  
7 officer of the Massachusetts Red Cross. And  
8 Joe Thompson is director of the Mass. Museum of  
9 Contemporary Art, Mass. MOCA out in North  
10 Adams.

11           This group met a number of times to  
12 discuss the questions but also we met with  
13 representatives of the other evaluation teams  
14 where we needed more information. You'll see  
15 that lot of our questions relate to questions  
16 like for example the degree to which we promote  
17 tourism, the applicants promote tourism.

18           The answers were relatively short  
19 and our questions sometimes cross-referenced  
20 questions in other evaluation categories. So,  
21 we had very productive presentations from the  
22 teams of the other evaluation teams in some  
23 cases.

24           Forgive my text heavy slides but

1 basically I just wanted to give a sense of what  
2 this category is about. As Commissioner McHugh  
3 said, we have colloquially referred to this  
4 category as the Wow factor category.

5           In general, what we were looking for  
6 when we the Commissioners put these questions  
7 together was to see what we could get out of  
8 the applicants for all of the licenses that  
9 went well above the basics of the legislation  
10 of the requirements. Finance, mitigation,  
11 economic development, site and building designs  
12 are the heart, the bones and muscle if you  
13 will, of a proposal, the blocking and tackling  
14 of the proposal.

15           We were looking for things that were  
16 beyond that or maybe such extremely good  
17 performance in one of those categories that  
18 they went way above and beyond the basics.

19           The characterization of a Wow factor  
20 is much less applicable, as it turns out, to  
21 the slots parlor applicants. We specifically  
22 talk about destination resort casinos in this  
23 question. And these are not destination resort  
24 casinos. These are relatively small, largely

1 regional slots facilities only with neither the  
2 capital investment nor the upside revenue  
3 opportunity to permit very much reaching way  
4 outside the box way beyond the basics of the  
5 facility.

6           Nevertheless, we asked our  
7 applicants here -- These questions will be much  
8 more relevant when we get to the Category 1  
9 licenses than they are to the Category 2.  
10 Nevertheless, we did ask our applicants to  
11 stretch and to understand what we were looking  
12 for, how we were trying to get people -- the  
13 applicants to reach beyond the basics and to  
14 tie their work into the categories of the  
15 questions that we were coming up with. And  
16 indeed there was some.

17           But you'll see as we answer the  
18 questions that we gave some slack to the  
19 applicants that they didn't really have to  
20 spend too much time on some of these questions  
21 since they are less applicable.

22           Our team in many of the questions we  
23 end up kind of looking for values, senses,  
24 judgments. It's not just a series of

1 particulars. There are no yes/no questions, no  
2 on/off switch questions of which there are a  
3 number in some of the other categories. But by  
4 sort of standing above all of the work that the  
5 other evaluation teams were doing or aside of  
6 it, I don't think above it but aside it, it  
7 gave us an opportunity to draw some kind of  
8 general conclusions.

9           And given the nature of these  
10 people, all generalists not specialists looking  
11 at a sort of a high-level of public policy  
12 development, it was a natural process that out  
13 of this group came some suggestions. I will  
14 say, however, that it should be clear that  
15 these are ultimately my conclusions and not  
16 theirs.

17           I've mentioned this in talking to  
18 Commissioner Zuniga in the finance section. We  
19 concluded that although there are very  
20 different debating arguments about the  
21 strategic location of each facility, it was our  
22 judgment, and we specifically made a point of  
23 saying we're looking for people who have more  
24 and deeper expertise on this, but it was our

1 judgment that the location of the facility in  
2 Leominster had the greatest competitive  
3 strategic value because it served an unserved  
4 part of the state -- Unserved in a lot of ways  
5 having to do with gaming but other ways as  
6 well. -- created a bulwark to a potential  
7 southern New Hampshire facility, which was not  
8 something that was discussed in the finance  
9 section. And as we'll talk more about had a  
10 really interesting perspective relative to the  
11 regional economic development role that it  
12 might play.

13           A second conclusion that we came to  
14 and I particularly felt was worth noting is  
15 that the respect and appreciation afforded to  
16 Mr. Carney by the citizens and businesses of  
17 Raynham and the surrounding communities was  
18 quite striking. I think we all noticed that.  
19 There was a clear sense from our group that  
20 this should be noted as a factor on behalf of  
21 the Raynham proposal.

22           We talked about urging -- One of the  
23 questions is urging the applicants to support  
24 other leading industries in Massachusetts, if

1 they could. Again, it's much more relevant for  
2 the casino application.

3           The Raynham and Plainville proposals  
4 did not particularly highlight their support of  
5 harness racing as a competitive advantage in  
6 terms of supporting an existing Massachusetts  
7 industry. But indeed it is an existing  
8 Massachusetts industry. And it's something  
9 which should be credited strongly to their  
10 proposals.

11           The Cordish folks did not have  
12 anything that was endemic to their industry.  
13 And they came up with this quite interesting  
14 idea of the M3D3, which I'll talk more about.  
15 But we considered that quite a creative and  
16 innovative idea.

17           This is a kind of interesting and  
18 subtle one but as has been discussed, the  
19 Plainville and Raynham sites had overwhelming  
20 support from the host community and in most  
21 cases, not all but in most cases the  
22 surrounding communities.

23           The Leominster site was more  
24 controversial both within the host community

1 and within some of the surrounding communities.  
2 And some of that controversy continues. And we  
3 see that throughout our correspondence with  
4 citizens of the region and even some public  
5 officials.

6           But the site on which essentially  
7 the casino sits or the slots parlor sits was  
8 previously permitted for and was expected to be  
9 developed into a very large mall developed by  
10 the Pyramid Mall developers. So, the folks who  
11 live around there had reason to be prepared to  
12 know that something substantial was going to be  
13 coming here.

14           And it seemed to us that the concern  
15 about this facility, at least some of the  
16 concern about this facility needed to be taken  
17 -- considered in the perspective about other  
18 future likely uses of this site. And what  
19 other uses and utilization of this site folks  
20 had a right, had a reasonable expectation of  
21 having anticipated so that this wasn't just  
22 dropped out of the sky as a whole new idea.

23           The next one, as our advisors talked  
24 a lot about trying to say what do we want to

1 get out of these proposals. We know we want to  
2 get revenues. We know we want to get jobs.  
3 But what would be a success when this gets  
4 done? If we look back five years later and we  
5 are awarding a renewal, what kind of  
6 performance would it be that we would measure  
7 as particular value and assessing how this  
8 thing had gone. And we came up with four in  
9 particular nothing surprising.

10           Generating good jobs at living wages  
11 or better with substantial retention rates,  
12 thus reducing unemployment in the region.  
13 Increasing home values both by increasing  
14 demand and by increasing favorable amenities in  
15 the area.

16           Developing and leading a coherent  
17 economic development plan for the region. This  
18 is something we'll talk about quite a bit. And  
19 developing a positive collaborative  
20 relationship with regional travel and tourism  
21 facilities which nets to growth for all. Those  
22 were the criteria that we thought were  
23 particularly important.

24           I am going to read this. In summary



1 there was some skepticism in my advisory group  
2 about the wisdom of a standalone slots parlor,  
3 which is basically neither here nor there. But  
4 the group set aside that skepticism to look for  
5 the strengths in each of the proposals and  
6 expressed a clear wish that the winning bidder  
7 would be available to partner with people of  
8 goodwill in the region and the Commonwealth to  
9 build on the strengths of their proposals.

10           To solidify commitments that are  
11 made in the heat of the competitive process,  
12 and to develop a strong regional working  
13 relationship that will keep any negative  
14 impacts of the slots parlor to the barest  
15 possible minimum. And to build a better  
16 economic future for the people of the region.  
17 I think as we go along, you'll see how that  
18 became sort of an important summary.

19           All right. There are nine  
20 questions. Again, forgive the small type. But  
21 I'll read question one, the Massachusetts  
22 brand. How does the project you propose  
23 manifest an appreciation for and collaboration  
24 with the existing Massachusetts brand, i.e.,

1 our intellectual knowledge economy, our  
2 biomedical, life-sciences, educational and  
3 financial service sectors as economic drivers,  
4 and our long history of innovation and economic  
5 regeneration over the 400 years of our  
6 existence.

7           We felt that the Leominster proposal  
8 was rated very good on this category. This is  
9 where the M3D3. This is an investment of \$1  
10 million or more, \$1 million to \$1.5 million  
11 into a challenge grant program for  
12 entrepreneurial medical device industries,  
13 having identified a medical device corridor  
14 from Lowell to Worcester, which has many, many  
15 medical device companies in it and which  
16 benefit from the nanotechnology and other  
17 technologies at UMass Lowell and the medical  
18 research that's done at the University of  
19 Massachusetts Medical Center. We thought that  
20 was a really innovative creative idea very much  
21 compatible with Massachusetts culture of  
22 innovation and economic regeneration.

23           The proposal, as Commissioner  
24 Stebbins talked about, was very sensitive to

1 and understood the Gateway strategy, what it's  
2 about, how Massachusetts has made a priority  
3 out of identifying Gateway cities that have  
4 certain economic characteristics. And has  
5 mandated that the resources of the Commonwealth  
6 to some extent be focused on the Gateway  
7 cities. This proposal, the Leominster proposal  
8 really understood this.

9           And we'll talk more about this, a  
10 very clear appreciation that North Central  
11 Mass., the Leominster, Fitchburg, Gardner,  
12 three city area and a surrounding arc really is  
13 a coherent albeit at this stage of the game in  
14 particular underdeveloped region. And the  
15 Leominster proposal had a good appreciation for  
16 that situation and its potential role in  
17 improving it.

18           Plainville we judged to be  
19 sufficient. It clearly benefits from  
20 supporting racing and agriculture. Those are  
21 very much a part of the Massachusetts brand.  
22 Harness racing has been a part of Massachusetts  
23 history for a long time. Our agricultural  
24 industry which supports harness racing, which

1 is horse farms and blacksmiths shops and so  
2 forth, that's part of Massachusetts brand. And  
3 Plainville will clearly contribute strongly to  
4 that.

5 Plainville also talked about  
6 recycling the quarry, about having good green  
7 policies. As innovations it seems those  
8 recycling of old facilities and green  
9 innovation are important Massachusetts  
10 characteristics.

11 Raynham we thought was sufficient.  
12 It also benefits from the racing and  
13 agriculture by virtue of its commitment to  
14 continue some degree of harness racing at least  
15 in Brockton, and clearly, Ms. Carney's  
16 understanding of the importance and the  
17 commitment to that industry.

18 And they too more in a sort of a  
19 generic sense rather than very many specifics  
20 promoted the history of innovation and promoted  
21 local vendor support which was dramatic in the  
22 case of Raynham.

23 Bottom line our judgment was -- my  
24 judgment is that Leominster was very good in

1 that better than the other two.

2           Destination resort, this is where we  
3 talked about how the legislation calls for  
4 destination resort casinos. The question reads  
5 some visionaries in the gaming industry -- in  
6 the gaming business describe an evolution of  
7 gaming facilities from convenience casinos to  
8 destination resorts to city integrated resorts.

9           Explain what if any meaning city  
10 integrated resorts has to you and how you  
11 anticipate following its principles if in fact  
12 you to subscribe to them. Additionally, please  
13 explain how the project you propose embraces  
14 the Legislature's mandate to present  
15 destination resort casinos rather than  
16 convenience casinos.

17           We made this question optional for  
18 the Category 2 applicants because it's really a  
19 stretch for the kind of facilities that they  
20 are developing, but they all did respond. We  
21 used pluses and minuses to nuance the four  
22 categories a little bit.

23           We judged Leominster sufficient plus  
24 in terms of the destination resort question.

1 They do have the three restaurants and a small  
2 entertainment venue. They seem to be making a  
3 coherent effort to take what is basically going  
4 to be a slots parlor and add other amenities to  
5 it to give it a broader appeal and we gave them  
6 a sufficient plus.

7 Plainville we gave a very good  
8 because it aggressively promotes its tie-ins  
9 with the other major regional attractions of  
10 harness racing. Tried to create much -- a  
11 whole much greater than the sum of the parts.

12 Exactly how that works and how  
13 credible that is, that's why I asked the  
14 question about whether Commissioner Stebbins  
15 there are in fact signed agreements with those  
16 other venues. But the thrust and the strategy  
17 and the appreciation that something dramatic  
18 could be done here we thought gave them a  
19 rating of very good.

20 We thought Raynham was sufficient.  
21 It didn't talk about being a community  
22 integrated resort. It was kind of modest in  
23 its aspiration. It did promise the partial  
24 harness season. Others have talked about this,

1 it has this large event space that wasn't very  
2 well explained exactly how that was going to  
3 get used, what that function was. It's phase  
4 three and four parts of the application that  
5 could conceivably have big development in the  
6 South Coast rail are extraordinary. But they  
7 are (A) doubtful and (B) not committed to and  
8 way down the road.

9           Outward looking, question 1.3, how  
10 do you propose to merge the creation of a  
11 destination resort casino or slots parlor with  
12 the concept of creating an outward looking  
13 physical structure. That is an establishment  
14 that relates to and is integrated with the host  
15 and surrounding communities, leverages  
16 Massachusetts existing assets, and enhances and  
17 coordinates with Massachusetts existing tourism  
18 and other leisure venues.

19           This was the question we put  
20 together, we Commissioners put together because  
21 we've made a major point of continuing the  
22 industry trend of breaking away from the big  
23 closed box facility. And rather develop  
24 facilities which are highly integrated with

1 other resources in the community. This is  
2 where we were trying to elicit this question --  
3 elicit this answer.

4 I gave Leominster a very good on  
5 this. They looked at it at first, as they all  
6 three did as if we were talking about the  
7 physical plant, which was part of what we were  
8 looking at. They talked about the quality  
9 landscaping, the outward opening doors, which I  
10 think Commissioner McHugh talked about. You  
11 can access the restaurants from any which way.  
12 You don't have to go through the casino  
13 facility.

14 They come from a mall development  
15 professional expertise. That's what the  
16 Cordish Company principally does. And that's  
17 what their facility is in Maryland. They have  
18 a mall like culture in the way they approach  
19 their developments, and I think aspirations for  
20 a mall development.

21 They also had, and I'll talk more  
22 about this, a very strong sense it seemed to me  
23 of the region itself as a coherent region and  
24 as a collaborator in the marketing of that



1 region.

2           Plainville we gave an S plus to VG,  
3 sufficient plus to very good. Plainville  
4 promotes again the continued reuse of the  
5 quarry, the maintenance of track and racing,  
6 the historic design considerations, and cross  
7 marketing with regional venues. They have a  
8 track record of being a relatively  
9 collaborative neighbors to wit their local  
10 support.

11           We gave Raynham an insufficient  
12 plus. They did stress their community  
13 marketing ties and their hopes for the long-  
14 term rail development, but really didn't  
15 articulate a very coherent notion of how they  
16 would integrate the operations of the facility  
17 with the surrounding operations, tourism and so  
18 forth.

19           Competitive environment, this is the  
20 question that overlaps with Commissioner  
21 Zuniga's question. The question reads describe  
22 the competitive environment in which you  
23 anticipate operating over the next 10 years and  
24 how you plan to succeed in that environment

1 without taking revenues away from other  
2 Massachusetts gaming establishments, racetracks  
3 or businesses.

4           We gave Leominster a very good plus  
5 on this. It was my reading of this and our  
6 advisors felt the same way that Leominster  
7 demonstrated the highest marginal competitive  
8 advantage comparing one to another.

9           Number one, it's going to serve a  
10 relatively unserved area. If there isn't  
11 something in North Central Mass. that will be a  
12 relatively unserved area. It will be  
13 vulnerable to substantial leaking to Southern  
14 New Hampshire if and when and I think it's  
15 probably pretty likely there is a southern New  
16 Hampshire facility.

17           It minimizes -- By virtue of its  
18 location, it minimizes cannibalization of the  
19 oncoming Massachusetts facilities. And we  
20 believed that the Region C resort casino,  
21 whether that's a commercial casino or whether  
22 that's a tribal casino would have a greater  
23 potential to recapture and retain Southeastern  
24 Mass. dollars from Rhode Island and Connecticut

1 than would even a quality slots parlor. So,  
2 there was a better way to fight and recapture  
3 and repatriate dollars from Rhode Island and  
4 Connecticut.

5           We judged Plainville sufficient on  
6 this. They are, to put it mildly, a proven  
7 successful casino operator. They talked about  
8 their customer list, which would have some  
9 benefit here. They talked about their ability  
10 to compete with Rhode Island and Connecticut.

11           At least in my section, and I'm not  
12 sure whether this was true elsewhere, there was  
13 really minimal attention paid in the  
14 application by Plainville to what happens when  
15 there is a Southeastern Mass. casino, and no  
16 mention of the possibility of the Taunton  
17 casino. Was that different?

18           COMMISSIONER ZUNIGA: It was not  
19 because that's true for your section, but not  
20 true for the finance section. The applicant in  
21 the projections does take into account  
22 competition, specifically the possibility of  
23 Taunton.

24           CHAIRMAN CROSBY: They talk about

1 how they drop, but do they talk at all about  
2 how they would compete? What they propose to  
3 do to protect their position against  
4 Southeastern Mass. encroachment?

5 COMMISSIONER ZUNIGA: Yes. In their  
6 operational and business plans which I can get  
7 into more detail. I thought I did to some  
8 degree yesterday. But there is a recognition  
9 that they will be affected by the introduction  
10 of either a commercial or a tribal operation.

11 CHAIRMAN CROSBY: Was that also true  
12 of the Raynham proposal?

13 COMMISSIONER ZUNIGA: Yes, to a  
14 lesser degree though. We'll talk about this  
15 tomorrow because we got a question, I believe,  
16 on this matter.

17 CHAIRMAN CROSBY: Okay. Raynham in  
18 our section, and it's interesting in a question  
19 about competitive environment on these two  
20 folks there was no mention of the Southeastern  
21 Mass. competition. In that area, Raynham  
22 didn't mention the Southeastern Mass., Taunton  
23 or Rhode Island or Connecticut.

24 It did cite Greenwood Racing's

1 experience and Carney's experience and past  
2 performance. It did have letters of support  
3 and did talk about maintaining harness racing  
4 and simulcast. But really in our section  
5 didn't do a very aggressive or thoughtful job  
6 of talking about how they deal with the  
7 competitive environment.

8           Question number five meeting unmet  
9 needs. How do you propose to work with  
10 affiliated attractions and amenities to broaden  
11 the market base of the gaming facility and to  
12 meet unmet needs in our array of entertainment,  
13 education and leisure resources?

14           Again, the Commissioners put this  
15 question in here way back when we put together  
16 the evaluation criteria particularly thinking  
17 about casinos. What else are you going to  
18 have? What other kinds of entertainment  
19 venues? If you remember, the Mohegan Sun plan  
20 in Palmer had a waterpark that was going to be  
21 a part of it. That was the kind of thing we  
22 were looking for. A little bit less applicable  
23 than it is for the slots parlors.

24           Nevertheless, there were responses.

1 Leominster we rated very good. We thought and  
2 this is a recurring theme now that was very  
3 significant in my assessment of these  
4 applications, there was an appreciation, it  
5 appeared a real appreciation of this discrete  
6 tourism industry in that region. And a fair  
7 amount of talk about affiliating with the  
8 redevelopment of Great Wolf Lodge and working  
9 with the Johnny Appleseed Trail Association and  
10 an appreciation of the relationship that could  
11 be developed with the North Central Mass.  
12 particularly tourist organizations.

13           Plainville talked aggressively about  
14 cross-promoting, particularly with the major  
15 venues and talked about increased visitation in  
16 and of itself being a regional catalyst. But  
17 there was not much specificity on how exactly  
18 that was going to work. And as I said, we  
19 never could quite figure out whether there was  
20 real teeth to this proposal or not.

21           Raynham promoted the impact of its  
22 new entertainment venue, although not readily  
23 described, and collaboration with the community  
24 colleges for job development. They went out of

1 their way to make that point.

2 Collaborative marketing, the  
3 question is how do you intend to market  
4 aggressively outside Massachusetts and  
5 internationally, perhaps in cooperation with  
6 our existing industries and organizations such  
7 as Massport and the Mass. Office of Travel and  
8 Tourism. And certainly in collaboration with  
9 our existing institutional drivers of economic  
10 and international development. Again, more  
11 applicable to the casinos than to the slots  
12 parlors.

13 Leominster stated we thought quite  
14 realistically that their market is really a 60-  
15 mile market. They were the only ones that made  
16 a point of saying as a practical matter our  
17 market is really 60 miles. But within that  
18 radius, I thought that they did a very good job  
19 of pushing the marketing partnerships, and as  
20 I've said before, the promotion of the North  
21 Central Mass. region. They did have a fair  
22 discussion about aspirations for marketing  
23 relations with Massport. I'm not sure how  
24 realistic that was. But it was a big section

1 that they focused on.

2 Penn talked about marketing the Penn  
3 National database. Aggressively talked about  
4 going after Rhode Island customers. Talked  
5 about regional and local motor coach operations  
6 and talked generally about advertising and  
7 cross promotions.

8 We thought that Raynham had  
9 relatively few specifics on marketing  
10 strategies basically said if you build a good  
11 facility they will come. That was kind of the  
12 business proposition. If we run a really good  
13 facility, people will come.

14 There was little focus on Rhode  
15 Island or Connecticut. It did talk about and  
16 made sort of a tacit commitment to coordination  
17 with state, local and regional tourism  
18 organizations and area businesses.

19 Question number seven is diverse  
20 workforce and supplier base. Describe your  
21 commitment to a diverse workforces and supplier  
22 base and an inclusive approach to marketing,  
23 operations and training practices that will  
24 take advantage of the broad range of skills and



1 experiences represented in our Commonwealth's  
2 evolving profile. Further identify and discuss  
3 the diversity within the leadership and  
4 ownership of the applicant, if any.

5           On the latter score, the leadership  
6 and ownership of the companies, there was  
7 nothing -- there was next to nothing if not  
8 nothing. And it was notable I would say the  
9 lack of diversity in ownership and leadership.

10           As to their workforces and supplier  
11 base, and you heard some of this, we were  
12 looking for somebody that would really go above  
13 and beyond the norms here.

14           Leominster took the project -- took  
15 the task relatively seriously. From my own  
16 field trip to Maryland, I could see that their  
17 employee base for sure was remarkably diverse.  
18 They talked about their track record in  
19 Maryland. Their formal written policies are  
20 good policies. They did not give us and I  
21 gather they didn't anyplace else, come up with  
22 real hard specific numbers to which they can be  
23 held accountable. They certainly at least  
24 didn't within our area, within my sections.

1           They went out of their way to  
2 partner with this Arc of Opportunity. And many  
3 people from Arc showed up at many of our  
4 events. I think that showed a real honest and  
5 interesting attempt to be real in this  
6 business. To identify hard to employ,  
7 underemployed in their case particularly  
8 disabled folks and to make a good-faith effort  
9 to make that meaningful.

10           Plainville rated about the same.  
11 They had very strong promises about what they  
12 were doing. And there was a lot of  
13 documentation about what they had done  
14 elsewhere. But for some reason or another,  
15 Raynham and Plainville both did this, they  
16 didn't really bring any of the material, they  
17 didn't even really cross-reference the  
18 material.

19           However, there was a lot of  
20 documentation elsewhere in the application  
21 about strong performances in workforce and  
22 supplier base their other facilities.

23           Raynham gave very little detail, a  
24 little bit of track record, few specifics, few

1 standardized policies. They have made some  
2 kind of an arrangement with the NAACP. And the  
3 representative the NAACP came to one or more of  
4 our meetings. And again, that is indicative of  
5 taking this issue had good-faith. But the  
6 answers were not very substantive.

7           And question number eight,  
8 broadening the region's tourism appeal. What  
9 is your overall perspective and strategy for  
10 broadening the appeal of the region in the  
11 Commonwealth to travelers inside and outside of  
12 Massachusetts? Somewhat of a repetitive  
13 question from the others.

14           But the take away from Leominster  
15 was that if they mean what they say, and if  
16 they keep their commitments that this facility  
17 really could become a leader in developing this  
18 underdeveloped and hurting area. They could  
19 become a leader North Central Mass. And they  
20 could become a leader in the Gateway strategy  
21 for Leominster.

22           Plainville again talked a lot about  
23 coordinating with the other venues which was  
24 central to their strategy, the Gillettes and

1 the Comcasts. They have a lot of talk about  
2 collaborative marketing with similar other  
3 facilities. They have a track record of  
4 successful collaboration between racing and  
5 gaming in other jurisdictions. And they did  
6 reach out to it seems like to MOTT and made a  
7 commitment to work with the Mass. Office of  
8 Travel and Tourism.

9           The answer from Raynham was largely  
10 a restatement of the point that if you do a  
11 good job that will take care of itself. If you  
12 run a really great facility that will help.  
13 They had a number of sort of routine references  
14 to cross marketing and collaboration. And they  
15 did have a number of support letters from other  
16 facilities in the area, but it was not a  
17 particularly inspired response.

18           Question number nine was asked about  
19 post-licensing needs. We didn't maybe do a  
20 very good job of this. But we were interested,  
21 for example, in what our applicants -- We, the  
22 Commissioners were interested in what our  
23 applicants thought about for example the future  
24 of Internet gaming that kind of thing. None of

1 the responses were particularly meaningful.

2 So, we didn't even bother rating them to this  
3 question.

4           So, the summary is to reiterate, we  
5 were looking for bidders to go outside the  
6 norm, outside what's expected. We understood  
7 that this is less relevant to this group.  
8 Nevertheless, you do want to try to get a sense  
9 of how folks are thinking, what they're  
10 thinking about, how do their minds work? Are  
11 they creative? Are they innovative? Do they  
12 understand what we were getting at? Did they  
13 try to accomplish that?

14           We rated Leominster overall a very  
15 good minus, which was the highest rating. In  
16 the context of the relatively modest  
17 applicability of these questions to the  
18 Category 2 applicants, the Cordish responses  
19 stood out. And they earned the highest rating  
20 in seven of the eight questions that we rated.

21           The applicant demonstrated a very, I  
22 thought, coherent sense out of the Lowell/the  
23 Worcester crescent as an economic unit; of the  
24 Leominster/Fitchburg/Gardner area and

1 surrounding area as a tourist unit. And has  
2 reasonable aspirations to anchor regional  
3 economic development.

4           And for what it's worth, in the  
5 final analysis I judged the Leominster proposal  
6 to be the most effective regional location for  
7 the gaming facility on the theory that in the  
8 long run, the region is least likely to be  
9 served by any other facility. It will serve as  
10 a competitive buffer to Southern New Hampshire  
11 facility. And that there are likely to be  
12 stronger buffers for Massachusetts in the  
13 casino or casinos that will eventually occur in  
14 Southeastern Mass.

15           Plainville I rated as sufficient to  
16 sufficient plus. The strength of the  
17 Plainville proposal clearly is its commitment  
18 to maintaining the harness track and that's  
19 important, and the broad support for that track  
20 and the facility within neighboring communities  
21 and the harness industry.

22           The applicant tried very hard to  
23 establish a regional appeal with the stop, shop  
24 and play concept, which had a lot to do the

1 affiliating with these other venues. It's a  
2 concept which the evaluation team and I found a  
3 little bit too difficult to assess in its  
4 impact. You can sort of hear the words, hard  
5 to quite exactly figure out what that means.

6           Raynham, the Greenwood Racing  
7 proposal was often minimally responsive to the  
8 questions and seemed to make not very much  
9 effort to tie the components of the application  
10 in a meaningful way back into questions one  
11 through nine.

12           The singular strength of the Raynham  
13 proposal is the distinguished business record  
14 of Mr. Carney and the virtually unanimous and  
15 genuine support that he has in Raynham and  
16 nearby communities. Most of the specific  
17 questions in the category were addressed with  
18 relatively little substance or imagination.  
19 That's it.

20           COMMISSIONER MCHUGH: Questions?

21           CHAIRMAN CROSBY: Yes.

22           COMMISSIONER MCHUGH: I'd like to go  
23 back to number one to start. With respect to  
24 the Plainville rating, green energy,

1 recyclables, the like, that's part of the  
2 Massachusetts brand. We consider ourselves  
3 first in the universe in that.

4 CHAIRMAN CROSBY: First in the  
5 universe in lots of things.

6 COMMISSIONER MCHUGH: Yes, I know.  
7 But that's just one of a broad array of things.  
8 Plainville has a very aggressive renewable  
9 program. I didn't mention it yesterday, but  
10 they are the only ones that have at the front  
11 door a metering system. So that everybody  
12 coming in and out of the front door can look  
13 and see what their energy usage is and where  
14 it's coming from and the like. They have that  
15 renewable thing for the drain water.

16 The question is was that taken --  
17 their high degree of energy around renewables,  
18 was that taken into account?

19 CHAIRMAN CROSBY: Yes, I mentioned  
20 specifically here good green policies.

21 COMMISSIONER MCHUGH: I know. But  
22 it was only four words. Just in terms of the  
23 relative -- three words. Just in terms of -- I  
24 guess why did you feel that Leominster trumped



1 that, because of the out-of-the-box thinking  
2 around M3D3?

3           CHAIRMAN CROSBY: It's two things.  
4 The good green policies that Plainville uses  
5 gets them high marks in your category. It's  
6 not really supporting -- We sort of gave them  
7 to benefit that they're picking on something  
8 that's important in Massachusetts culture but  
9 they aren't doing anything to support the green  
10 industry in Massachusetts.

11           It's a good thing. And there's a  
12 cumulative effect. And the more people that  
13 get behind this, the better it is. So, in that  
14 sense it's a good thing. But it's really not  
15 supporting the industry per se not what we were  
16 looking for.

17           Leominster won on this category just  
18 simply because they obviously sat down and said  
19 look, there's nothing endemic to our business  
20 that relates to the financial services world,  
21 higher education, biotech. There's no reach  
22 there. But we heard what the Commission is  
23 looking for, so we're going to reach out and  
24 make one up. And it was a pretty interesting

1 idea we thought.

2 COMMISSIONER MCHUGH: Okay. Got it.  
3 In category number three, again Plainville, did  
4 you take into account in the -- you stressed  
5 heavily and rightly in my view the outward  
6 lookingness of the Leominster facility with the  
7 two restaurants and the like.

8 Did you take into account in  
9 reaching the rating for Plainville the fact  
10 that the sports bar and pub has an outward  
11 entrance as well?

12 CHAIRMAN CROSBY: Yes. These are  
13 hard to compare. These are really marginal  
14 points, but the fact of the two restaurants on  
15 either side of the facility and the  
16 entertainment venue, as I said, we weren't  
17 really looking for the physical building  
18 itself, except with respect to making it  
19 accessible, yes that. We were looking for  
20 relationships with the surrounding industries.  
21 And we thought they did well on both.

22 COMMISSIONER MCHUGH: I'll come to  
23 that in just a second. We talked a minute ago  
24 when Commissioner Stebbins was presenting his

1 analysis about the seed money kind of concept.  
2 And we talked a little bit about the kind of  
3 spinoff or throw off M3D3 could produce in  
4 terms of seed capital. Does that principle  
5 hold true in other areas as well?

6           For example, if one of these  
7 facilities needs 100,000 loaves of bread in a  
8 year, might that spark some small bakery to say  
9 if I had a contract for 100,000 loaves of  
10 bread, I could expand and I could get more  
11 business on top of that. I can't go anyplace  
12 beyond where I am now unless I get that kind of  
13 guaranteed platform.

14           Does the sort of seed money work  
15 across supply contracts like that? Or did you  
16 think about that?

17           CHAIRMAN CROSBY: Well, I hadn't  
18 really thought about it in this context. I  
19 would say we think about it all of the time  
20 with respect to the business development stuff.  
21 We're hoping to try to find probably not start-  
22 up businesses but small businesses that could  
23 grow substantially with a big bread contract.

24           And make sure that they are

1 prepared. Make sure they know it's coming.  
2 Make sure they know how to deal with the kinds  
3 of the contractual negotiations that they might  
4 have to go through. So, yes I think it would  
5 be -- I think the Legislature's whole idea here  
6 is to be able to generate growth in local  
7 businesses by promoting -- by pumping in new  
8 dollars.

9           COMMISSIONER MCHUGH: I know that it  
10 is but in the analysis that I've heard so far,  
11 it seems to me and maybe I'm missing something  
12 that we've been focused largely with the  
13 exception of the M3D3 on direct spending. And  
14 the amount of jobs that that direct spending  
15 will support or even create in the area.

16           Rather than taking the next step and  
17 saying that that direct spending will provide  
18 seed money or a guaranteed floor that will  
19 allow businesses to build and expand beyond the  
20 seed monies so that you get seed money of X or  
21 contract money of X will allow you to get other  
22 contracts of Y, and have a total revenue  
23 increase of X plus Y. And I don't know whether  
24 that formed a part of your analysis, whether

1 it's even possible to make that kind of  
2 analysis.

3 CHAIRMAN CROSBY: No, we did not.  
4 This question came up under Massachusetts  
5 brand. That's not really the way we were  
6 looking at it. We didn't look at that kind of  
7 ripple effect. I think Commissioner Stebbins  
8 does to some extent.

9 COMMISSIONER STEBBINS: We had a  
10 wide variety of expected outside expenditures  
11 in small business and where they hoped to spend  
12 that money. I think that was evident in some  
13 of the terms that were negotiated in the host  
14 and surrounding community agreements.  
15 Everybody had different figures.

16 But I didn't come across anybody who  
17 -- Each applicant suggested different  
18 strategies and different detail about how they  
19 wanted to work with small business, splitting  
20 bid packages, faster repayment of invoices,  
21 etc. There wasn't anybody who said I got a  
22 particular amount of money to help out, to lend  
23 to a potential vendor. There wasn't any  
24 specific details as to that type of program, if

1 that's what you're asking.

2           COMMISSIONER MCHUGH: No, I was not  
3 talking about lending. I was talking about the  
4 ripple effect of direct dollars. And I was  
5 thinking about what effect does purse money  
6 have, for example, in the racing area on the  
7 ability of farmers to stay in business and also  
8 -- and thereby create a product that can be  
9 used in multiple jurisdictions. You can't do  
10 without a guarantee that you can buy enough  
11 feed for the horses. But if you can have that  
12 guarantee, you can do things elsewhere. Maybe  
13 we can talk about that tomorrow.

14           In number five, as I understood it  
15 the Plainville had the play, stay and shop  
16 which is directly related to the Warren Malls  
17 there it seems to me.

18           COMMISSIONER ZUNIGA: Wrentham.

19           COMMISSIONER MCHUGH: Wrentham, at  
20 least most directly tied to that. But there  
21 also is an effort that I thought I detected in  
22 their approach to the sports side. And the  
23 whole point of the Flutie Pub was to tie into  
24 Gillette, to the TPC and to capitalize on that.

1 Then there's the Comcast Center which is not  
2 really a sporting venue.

3           But it seemed to me that they had  
4 both a hook out, they were trolling for  
5 attracting people to both the combined effect  
6 of them and the shopping and them and the  
7 sports. And I just wondered how that compared.  
8 It's a very narrow margin of difference you  
9 have there. Why you felt that the Leominster  
10 proposal had greater weight in that category.

11           CHAIRMAN CROSBY: Again, these are  
12 margins.

13           COMMISSIONER MCHUGH: Yes.

14           CHAIRMAN CROSBY: And we're talking  
15 thin differences but I didn't see the evidence  
16 of these relationships. I hear it. And it  
17 sort of sounds good. That's why I'm asking is  
18 there backup?

19           COMMISSIONER CAMERON: There is. I  
20 can answer that for mitigation.

21           MR. CARR: It's not in mitigation.  
22 The agreements that they have are not in the  
23 mitigation. It was announced in the public  
24 hearings, I think, the presentations that the

1 applicant did listed 10 or so agreements. But  
2 I have nothing I found as attachments under the  
3 section of mitigation.

4 COMMISSIONER STEBBINS: I think some  
5 of those MOUs are reflected in my section. And  
6 we talked about that earlier.

7 CHAIRMAN CROSBY: And we're going to  
8 check it. It was the big four that they made  
9 the big push on was the big four -- these big  
10 four facilities.

11 And what I thought Leominster did  
12 was create a realistic perception that it  
13 understood the nature of this region. And that  
14 it could be a coherent collaborative  
15 organization. They knew who the key players  
16 were and they appeared to be committed to  
17 working with that and to be a player.

18 I would expect, and this is the kind  
19 of thing that I would hold whether it's  
20 Leominster or anybody else, I would expect  
21 their GM to be a major player in the North  
22 Central Mass. business community. And to be a  
23 player on the Johnny Appleseed Trail  
24 Association and so forth. And help them figure



1 out how to raise this area up. And it's an  
2 area that needs raising up.

3 In the case of this relationship,  
4 this buy, stop and sell or whatever thing, I  
5 hear it, but I didn't see it. I wasn't  
6 persuaded that they really had it there. They  
7 really understood it. And that the marginal  
8 utility to the area -- It's not like Gillette  
9 Stadium needs a lot of help.

10 Whereas Johnny Appleseed Trail needs  
11 a lot of help. We're talking about what's the  
12 best marginal contribution. So, for what it's  
13 worth that was the way I looked at it.

14 COMMISSIONER MCHUGH: Thanks.

15 COMMISSIONER MCHUGH: I just had a  
16 couple of quick questions. When you talked  
17 about Massachusetts brand, did you consider the  
18 Flutie Sports Bar as a Massachusetts brand for  
19 those of us sports fans?

20 CHAIRMAN CROSBY: No, not per se.

21 No.

22 COMMISSIONER CAMERON: And with your  
23 competitive environment that's a thought  
24 process that you and your advisors had as

1 opposed to any analysis that was completed?

2 CHAIRMAN CROSBY: Any analysis,  
3 anywhere close to what they did, yes. We did  
4 analysis, commonsensical analysis by looking at  
5 maps and knowing the area and so forth. But  
6 the reason I put the sentence in there about we  
7 look forward to more detail from the other  
8 evaluation groups is that we didn't have the  
9 resources to do the kind of evaluation that  
10 Commissioner Zuniga did.

11 COMMISSIONER ZUNIGA: I had a number  
12 of questions and they stole many of them, my  
13 fellow Commissioners. But I did see the sports  
14 brand and the proximity as one that could  
15 easily fit in the brand category.

16 And when you mentioned -- This is  
17 obviously a good discussion perhaps to continue  
18 tomorrow but when you mentioned evidence about  
19 those kinds of commitments, we did meet Doug  
20 Flutie when he came to the hearing.

21 CHAIRMAN CROSBY: I don't doubt that  
22 they're going to have a Flutie bar in the  
23 facility. That isn't the question. The  
24 question is is there a strategy that I can

1 understand and that they presented of creating  
2 a whole greater than the sum of the parts.

3           How is this going to work? What is  
4 the marginal utility to the region as result of  
5 that strategy? And I didn't get either of  
6 those. It's not that it isn't there. I just  
7 didn't get it, either one of them.

8           COMMISSIONER STEBBINS: This  
9 question of regional impacts somewhat came up  
10 again under the economic development  
11 consideration. And there was a question I  
12 think specifically directed what is your  
13 connection or role or how do you plan to  
14 participate in a regional economic development  
15 effort or plan.

16           There was one applicant, Raynham  
17 said that no regional plan exists. So, we  
18 don't know how we would be a partner to  
19 something that didn't exist. Where I thought  
20 Plainville had an interesting response relative  
21 to this question is there is no regional plan,  
22 but we're willing to be a thought leader and an  
23 organizer around maximizing the benefit of a  
24 slots parlor coming to that region.

1           Leominster again, in respect to  
2 where to they fit into a regional plan? And I  
3 echo the Chairman's comments about their  
4 willingness to step up some of the business  
5 organizations in North Central Worcester County  
6 that they've had signed agreements with, I  
7 think only reflected back to a regional goal of  
8 better utilizing the area in Leominster in  
9 which they plan to operate their facility.

10           CHAIRMAN CROSBY: Right.

11           COMMISSIONER STEBBINS: I had a  
12 quick question under number three outward  
13 looking. Could you give me a little more  
14 clarification in historic design considerations  
15 for racetrack that's only about 15 years old.

16           CHAIRMAN CROSBY: They talked about  
17 reusing the quarry, their use of the quarry.  
18 They talked about using granite construction  
19 facilities. They re-created the model, the  
20 logo of this town of Plainville. They talked  
21 about -- I think they were groping, trying to  
22 figure out how to respond to this question.  
23 And they talked a lot about the historic fabric  
24 of the community and how they were going to be

1 supportive of that. It was more in the nature  
2 of rhetoric than real substance.

3 COMMISSIONER STEBBINS: Okay.

4 CHAIRMAN CROSBY: Anybody else? All  
5 right. Then I guess we will adjourn. Is the  
6 food court open did somebody say? It is? So,  
7 there is a lunch available close so we don't  
8 need to take so long. We'll take an hour  
9 break, come back at two. Is that all right?  
10 And we will pick up with whichever it was  
11 Commissioner Stebbins maybe on the discussion  
12 that Commissioner Cameron wanted.

13 COMMISSIONER STEBBINS: Sure.

14 MR. ZIEMBA: Mr. Chairman, so, we  
15 had given all of the applicants two hours from  
16 the end of the presentations to get us those  
17 comments for the purpose of doing some of the  
18 evaluations.

19 One recommendation is that we could  
20 ask the applicants to get the reports to us  
21 within two hours. We would have some time in  
22 the remainder of the afternoon into evening to  
23 assemble all of the answers to those if we have  
24 that tick from now.

1           CHAIRMAN CROSBY: Yes. If it wasn't  
2 clear, we are now done with the five evaluation  
3 presentations. That is at one o'clock. So, at  
4 3:05 we will close feedback from applicants who  
5 believe that we have somehow made a mistake of  
6 fact in our presentations.

7           Those will go to John. And we will  
8 deal with those that you believe we need to  
9 deal with tomorrow morning.

10           COMMISSIONER MCHUGH: At the risk of  
11 interposing myself between now and lunch, how  
12 long would it take to deal with that remaining  
13 item on our agenda, which is a discussion of  
14 the memo? If it's 10 minutes --

15           CHAIRMAN CROSBY: We might -- We  
16 then are going to say what else? There may be  
17 other conversations to be had.

18           COMMISSIONER MCHUGH: Oh, all right.

19           CHAIRMAN CROSBY: I'm game to  
20 whatever everybody wants.

21           COMMISSIONER CAMERON: Is that the  
22 only outstanding issue is the discussion of  
23 that memo? And are we prepared to do that now?

24           MR. ZIEMBA: If we have perhaps 10

1 minutes?

2 CHAIRMAN CROSBY: We'll do it at  
3 2:05. Okay. Is that all right?

4 COMMISSIONER ZUNIGA: Do it after  
5 lunch?

6 CHAIRMAN CROSBY: Yes, we'll do it  
7 after lunch.

8

9 (A recess was taken)

10

11 CHAIRMAN CROSBY: We will reconvene.  
12 It's actually Commission meeting 110,  
13 Commissioner McHugh.

14 COMMISSIONER MCHUGH: 110.

15 CHAIRMAN CROSBY: And it is a few  
16 minutes after two o'clock. And we will convene  
17 again. I guess we're going to start out with  
18 the issue that was raised by Commissioner  
19 Cameron. Do you want to just reframe it? And  
20 then apparently Rob is going to speak.

21 COMMISSIONER CAMERON: This was a  
22 memo prepared by HLT, Rob in particular. I  
23 guess it was a joint effort. I know I had been  
24 requesting a way to place some value on the

1 strengths of the proposals and their additional  
2 amenities that were not tied to gaming, and how  
3 to value those.

4           So, this memo was prepared. I  
5 thought it was helpful. So, I just wanted to  
6 make sure everyone saw it. Rob is here to walk  
7 us through it.

8           MR. SCARPELLI: The memo deals with  
9 if you think of it in this perspective --

10           COMMISSIONER STEBBINS: Do you want  
11 to use the podium, Rob?

12           MR. SCARPELLI: The origin of the  
13 memo is three Commissioners asked related  
14 question related to horse racing or sort of  
15 non-slot gaming components of the proposals.

16           So, what we did in relation to that  
17 is we took a look at all three proposals. If  
18 you think about it in this perspective, what we  
19 did is we stripped away all the slot and  
20 related elements of food and beverage and  
21 entertainment, took that out, what was left on  
22 the proposals. And this chart summarizes what  
23 was left.

24           And what you're really dealing with



1 in terms of Plainville Penn National is an  
2 existing horse racing operation. What you're  
3 dealing with in Park Raynham is a commitment  
4 based on a number of conditions to host live  
5 racing at the Brockton Fair. And then in terms  
6 of PPE, it's an annual investment amount to  
7 non-gaming related, non-facility related  
8 program in the Leominster area.

9           So, how we looked at it was you can  
10 look at all of the non-slot activities and  
11 determine they all generate some form of  
12 economic benefit. Take it from the perspective  
13 of economic benefit is generated through the  
14 spending of dollars. And what we did is we  
15 looked at how the investment is made. What is  
16 the form of the investment? And how is it  
17 allocated?

18           We looked at what is the investment  
19 used for. What's the end purpose? Direct  
20 recipients of the investment, indirect  
21 recipients of the investment. The quantum of  
22 annual investment, timing, what conditions have  
23 been included with the application. And also  
24 what restrictions might be placed on the

1 license to ensure investment occurs in the  
2 future.

3           So, what we're really dealing with  
4 in terms of the annual investment, and I'll go  
5 from left to right, in terms of Penn National  
6 what they are committing to through their  
7 application is spending of about \$13 million on  
8 running the horse racing operation.

9           The breakdown of that \$13 million is  
10 \$2.3 million in year one, decreases down to  
11 \$2.1 million is allocated to purses. So, that  
12 amount of money goes straight to the winners of  
13 races. So, it's right to the horse owners.  
14 And that pays the trainers and all of the way  
15 down to the people who own race horses and work  
16 for people who own race horses.

17           And on top of that in order to run  
18 the racing operation, they're spending another  
19 almost \$11 million, of which approximately 30  
20 percent of that is through labor, jobs at the  
21 racecourse from there.

22           So, in total they're spending about  
23 \$13 million that will generate benefits. On  
24 top of that in terms of construction costs,

1 because they're improving the facility for the  
2 customers to come and watch live racing, a  
3 portion of that one-time expenditure to improve  
4 the facility should be included in economic  
5 benefits.

6           Parks Raynham whatever with their  
7 proposal to initiate live racing back at the  
8 Brockton Fairgrounds whatever, they're  
9 committing to 40 days of racing, but they do  
10 not provide how much allocation to the purses  
11 and the expenditures related to that. But  
12 there will be annual expenditures related to  
13 running 40 live race days.

14           It should be mentioned too Penn  
15 National in their projections have assumed  
16 about 100 race days in their projections for  
17 the five years.

18           PPE is saying we will commit \$1  
19 million, a minimum investment of \$1 million.  
20 It may rise to \$1.5 million but that's at the  
21 discretion -- depending on the success of the  
22 operation at the discretion of PPE to the M3D3  
23 program from there.

24           We did not look at once those

1 investments are made what are the ripple  
2 effects going down because that's a larger  
3 exercise of saying if you spend a dollar in  
4 purses what's the other economic benefits going  
5 down.

6           The same token if you spend \$1  
7 million dollars in investment for seed money  
8 that could create jobs later on down the road  
9 also. We didn't look at that level.

10           We just looked at it from the  
11 surface of how much quantum of dollars are  
12 being spent and comparing that annual  
13 investment as a way to compare the three  
14 different applications or three different  
15 bidders. At this stage I'd open it up for  
16 questions if anybody has any.

17           COMMISSIONER ZUNIGA: At least in  
18 the case of Raynham, they did identify a loan  
19 to the Brockton Fair for an initial capital  
20 investment. I forgave that piece was redacted  
21 but there's an infusion of cash into the  
22 operation that would be parallel to the capital  
23 expenditure at Plainville.

24           MR. SCARPELLI: Correct. That's

1 listed on the sheet.

2 COMMISSIONER MCHUGH: Capital  
3 investment.

4 MR. SCARPELLI: Yes. We just didn't  
5 know the will be annual expenditures related to  
6 40 live race days. They will have to allocate  
7 purse money above and beyond the nine percent  
8 horse fund. And they will have to have  
9 expenses to run the pari-mutuel side of the  
10 operation and to accommodate customers. So,  
11 there will be expenses there but they weren't  
12 provided.

13 COMMISSIONER MCHUGH: Right.

14 MR. SCARPELLI: Any other questions?

15 CHAIRMAN CROSBY: Is that what you  
16 wanted, Commissioner?

17 COMMISSIONER CAMERON: I'm just  
18 looking at the rest of this see if there's  
19 anything else. Yes. I know you have FTEs but  
20 I think that was covered in some of the other  
21 presentations, correct?

22 MR. SCARPELLI: Correct.

23 COMMISSIONER CAMERON: The only  
24 piece that we hadn't talked about was the

1 actual financial benefit from racing, a full  
2 schedule, a partial schedule.

3 MR. SCARPELLI: There's two elements  
4 from the racing side of it. If you're looking  
5 at economic benefits to the horses, it's money  
6 that the horses generate. If I simplify it,  
7 horses only make money through racing for purse  
8 money.

9 So, \$2.3 million in the first year  
10 to decrease to \$2.1 million in five years  
11 that's the money going to the racehorses. And  
12 that flows through the owners of the races, the  
13 trainers, keeping up the horses. It also helps  
14 them buy new horses. That's that part of the  
15 equation.

16 The \$10 million to run the racetrack  
17 is not really racing specific. It will be in  
18 goods and services to buying equipment, buying  
19 equipment and services to maintain the pari-  
20 mutuel operation in the other operations of the  
21 racetrack component.

22 COMMISSIONER CAMERON: So, it's the  
23 \$10 million plus the 2.3?

24 MR. SCARPELLI: Correct, roughly \$13

1 million in year one spent on that side.

2 COMMISSIONER CAMERON: Okay. That's  
3 helpful. Thank you.

4 CHAIRMAN CROSBY: Anybody else?  
5 Anything else?

6 COMMISSIONER MCHUGH: No, thank you.

7 CHAIRMAN CROSBY: All set,  
8 Commissioner Cameron?

9 COMMISSIONER CAMERON: Yes.

10 CHAIRMAN CROSBY: Thank you.

11 COMMISSIONER MCHUGH: Thank you.

12 COMMISSIONER ZUNIGA: Thank you.

13 CHAIRMAN CROSBY: So, I think we are  
14 pretty much done for the day. I had a couple  
15 of things to talk about. We ought to think  
16 about what tools if any we need for tomorrow  
17 and then think about the process for tomorrow.  
18 And then we'll adjourn and give ourselves a  
19 chance to think about all we've heard. Any  
20 other questions, thoughts, observations, ideas?

21 COMMISSIONER MCHUGH: Except we are  
22 going to have the answers to the outstanding  
23 questions as the first item of business.

24 CHAIRMAN CROSBY: Yes, I'll talk

1 about that in a second. As far as tools, I've  
2 asked for two things to be able to be up on the  
3 wall up on the chart. One is a map so we can  
4 easily see the different locations and the  
5 competitive relationships and so forth.

6 And two is a summary chart that has  
7 each of the five categories and the way each of  
8 the three applicants was rated. So, we'll just  
9 have a summary rating sheet that we can look  
10 at. Is there anything else that we would want  
11 from staff or consultants for tools to do this  
12 process?

13 COMMISSIONER MCHUGH: By a summary  
14 rating you mean the overall rating in each  
15 category?

16 CHAIRMAN CROSBY: Yes, the overall  
17 rating in each category. We don't have it on  
18 one page so you can just see it all right in  
19 front of you. So, we'd have finance,  
20 mitigation, economic development, etc. across  
21 the three applicants.

22 COMMISSIONER CAMERON: So, the  
23 conversation we'll need to have that I think is  
24 very important is the weighting conversation,



1 right? How do we value each of these different  
2 categories. Because looking at the score does  
3 not give us the information we need, in my mind  
4 anyway, to make that decision.

5 COMMISSIONER MCHUGH: I am of like-  
6 mind.

7 CHAIRMAN CROSBY: Right. That's  
8 what we're doing tomorrow is weighting.

9 COMMISSIONER CAMERON: Yes. I guess  
10 just looking at the scores I think it could  
11 lead someone to look and say whoa. And that's  
12 actually not what we'll be doing tomorrow.

13 CHAIRMAN CROSBY: Just because  
14 somebody has more green doesn't necessarily  
15 mean they win.

16 COMMISSIONER CAMERON: Correct, we  
17 haven't had a weighting discussion.

18 CHAIRMAN CROSBY: If you don't want  
19 to put that up because of that reason that it  
20 might be misleading -- I think we should make  
21 it clear to everybody if we haven't before that  
22 these are unweighted.

23 All of these 200 questions, all of  
24 the consolidated criteria, summary questions,

1 all of the rollups to the evaluation category  
2 ratings are all ratings without assigning  
3 values.

4 So, theoretically you could be the  
5 green in one and low in all four. And if we  
6 thought the one was the most important you  
7 could still win. So, that should be clear to  
8 everybody. If you're concerned that having the  
9 chart might be misleading --

10 COMMISSIONER CAMERON: I think it  
11 may be.

12 COMMISSIONER MCHUGH: I share that  
13 concern.

14 CHAIRMAN CROSBY: Fair enough. So,  
15 Melissa, you can scratch that idea, but sneak  
16 it to me on the side.

17 Anything else that we would want?  
18 Anything else in terms of heads-up to the  
19 audience? The process as I'm seeing it, but  
20 let's just talk this through. First thing in  
21 the morning at 9:30 each Commissioner let's say  
22 in the same order that we went in our  
23 presentations will respond to the questions of  
24 fact that have been raised, if any.

1           And while you're up there, any other  
2 outstanding questions that were raised during  
3 your evaluation conversations. So, we'll start  
4 with Commissioner McHugh and then Commissioner  
5 Zuniga and so forth. And we will have talked  
6 to staff about anything that came in from the  
7 applicants about questions of fact.

8           Once that's done, we are ready to  
9 start deliberating. I thought I would ask  
10 everybody for starters as we have done in the  
11 adjudicatory hearings, sort of where you stand,  
12 where do you think we are. What do you think  
13 the critical variables are? What are the  
14 critical issues? And get that from everybody  
15 and then we go to work.

16           COMMISSIONER MCHUGH: Sounds like a  
17 good plan.

18           CHAIRMAN CROSBY: Okay. Do we have  
19 anything else before temporary adjournment?  
20 All right. I guess we will adjourn  
21 temporarily. We will reconvene at 9:30  
22 tomorrow morning. Thank you all very much.

23

24           (Meeting suspended at 2:19 p.m.)

## 1 ATTACHMENTS:

- 2 1. Massachusetts Gaming Commission February
- 3 26, 2014 Notice of Meeting and Agenda

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## 5 GUEST SPEAKERS:

6 Gordon Carr, GMC Strategies

7 Lyle Hall, HLT Advisory

8 Rick Moore, City Point Partners

9 Rob Scarpelli, HLT Advisory

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## 11 MASSACHUSETTS GAMING COMMISSION STAFF:

12 Mark Vander Linden, Director of Research and

13 Problem GamblinelineJohn Ziemba, Ombudsman

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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 28th day of February, 2014.

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