

THE COMMONWEALTH OF MASSACHUSETTS
MASSACHUSETTS GAMING COMMISSION
PUBLIC MEETING #147

CHAIRMAN

Stephen P. Crosby

COMMISSIONERS

Gayle Cameron

James F. McHugh

Bruce W. Stebbins

Enrique Zuniga

March 19, 2015 10:30 a.m. - 5:37 p.m.

BOSTON CONVENTION AND EXHIBITION CENTER

415 Summer Street, Room 102B

Boston, Massachusetts

1 P R O C E E D I N G S :
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3 CHAIRMAN CROSBY: We will call to
4 order the 147 public meeting of the
5 Massachusetts Gaming Commission once again at
6 the Boston Convention Center. The first item
7 on our agenda is the approval of minutes,
8 Commissioner McHugh.

9 COMMISSIONER MCHUGH: The minutes to
10 be approved, Mr. Chairman, are in the packet of
11 materials in the book. And I move that they be
12 accepted as they appear there with the usual
13 reservation of power to change mechanical and
14 typographical errors.

15 COMMISSIONER CAMERON: Second.

16 CHAIRMAN CROSBY: Any questions or
17 discussion? I just had one on the legal
18 division at 2:20. I thought I remember that we
19 decided not to release the 20 percent -- no,
20 sorry, it was the 20,000 we decided not to
21 release.

22 MS. BLUE: It was the 20 percent.
23 That was my recollection. It's 20 percent of
24 that amount of the four percent.

1 CHAIRMAN CROSBY: That we decided to
2 hold back?

3 MS. BLUE: Yes.

4 CHAIRMAN CROSBY: Okay, I'm sorry.
5 I was thinking of the 20,000 in the other fund.

6 MR. BLUE: That's right.

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

9 COMMISSIONER MCHUGH: Aye.

10 COMMISSIONER CAMERON: Aye.

11 COMMISSIONER ZUNIGA: Aye.

12 COMMISSIONER STEBBINS: Aye.

13 CHAIRMAN CROSBY: Opposed? The ayes
14 having it unanimously. We then go to Director
15 Day, I believe, for the administrative update.

16 MR. DAY: Good morning, Chairman
17 Crosby and fellow Commissioners. What I would
18 really like to do for an administrative update
19 is just have an announcement. And I'm very
20 happy about this announcement that I have
21 appointed Dr. Alexandra Lightbaum the Acting
22 Director of Racing. I want to spend just a
23 couple of minutes.

24 What that means, of course, is as

1 interim director of licensing (SIC) Dr.
2 Lightbaum is responsible for coordinating the
3 registration of the state's horse racing
4 industry and implementing chapters 128 and
5 128C.

6 She has over 26 years of experience
7 in horse racing with 23 of those years in a
8 regulatory position. Dr. Lightbaum most
9 recently held the position of Chief
10 Veterinarian and Operations Manager for the
11 Massachusetts Gaming Commission. In this role,
12 she was responsible for a series of regulatory
13 reforms put in place by the Gaming Commission.

14 Prior to this role for three years,
15 she was Acting Director of Racing and Chief
16 Veterinarian for the Massachusetts Racing
17 Commission and for the Massachusetts Department
18 of Professional Licensure. This included being
19 responsible for field operations at the state
20 racetracks, overseeing monitors, licensing, and
21 testing laboratory, test barns and the stewards
22 and judges.

23 Dr. Lightbaum began her career with
24 the Massachusetts Racing Commission as Chief

1 Veterinarian overseeing the health and welfare
2 of the state racing animals. Dr. Lightbaum's
3 first job at a racetrack, might be not a
4 surprise, was in Santa Fe, New Mexico as a
5 veterinary assistant. After completing her
6 doctorate of veterinarian medicine degree, she
7 worked for a private practice in Suffolk Downs
8 in East Boston and for about a year in
9 Rockingham Park in Salem, New Hampshire.

10 She earned her doctorate of
11 veterinary medicine from Tufts University
12 Veterinary Medicine in Grafton, Massachusetts
13 and she earned a bachelor of science in biology
14 from Colorado University.

15 So, we want to spend just a minute
16 to acknowledge that appointment. And the
17 Commission will hear from Dr. Lightbaum and her
18 staff a little bit later on today.

19 The other thing I want to note just
20 for information purposes is regarding our
21 efforts to locate a temporary Springfield
22 office. We've identified a temporary space for
23 a Commission office in Springfield with UMass
24 in the Tower Square area. This seems a

1 reasonable agreement or a reasonable
2 arrangement. I'll see if I can get that out.
3 Anyway, it's okay. This seems a reasonable
4 arrangement as we already have relationships
5 with UMass through the research project. The
6 space also has conference room area space. And
7 we will be identifying the long-term needs as
8 we move forward.

9 CHAIRMAN CROSBY: And it's right
10 near the site, right?

11 MR. DAY: Correct, it is. It's
12 across the street from MGM and a couple blocks
13 away, I believe, from the casino site.

14 CHAIRMAN CROSBY: Great.
15 Commissioner Stebbins will be working from
16 there from time to time.

17 MR. DAY: Yes, he will or that's my
18 understanding is that is what he will be doing,
19 yes.

20 From this perspective what I'd like
21 to do is -- because we may have lots of
22 questions and a little bit longer discussion is
23 move right into our budget discussion, if I
24 could.

1 CHAIRMAN CROSBY: That is item 3c.

2 MR. DAY: Correct. I know you've
3 had the opportunity to take a look at the
4 budget and also the numerous spreadsheets that
5 were attached by our CFAO. But I'd like to
6 make just a few remarks about the budget as we
7 move forward and then I'll turn it over to CFAO
8 Lennon.

9 As we begin to review these budget
10 recommendations, I'd like to start with our
11 conclusion really, which is a budget and
12 operations proposal that results in a
13 recommendation to reduce this licensee
14 assessment by \$449,000 for fiscal '15. I'd
15 like to note a few points regarding operations
16 through the remaining months of this fiscal
17 year that put the budget in perspective and
18 then I'll turn it over to Derek.

19 We anticipate that Penn National
20 Gaming will be opening the slot parlor in June.
21 In order to carry out and be prepared to
22 regulate the operation, we have to complete a
23 number of tasks. And I will guarantee you I
24 won't go through that long list, you will find

1 a list laid out in the memorandum as well.

2 The Gaming Act requires State Police
3 at our gaming facilities and the Commission to
4 have 24-hour presence. To fulfill this
5 requirement, MSP and our Investigations Bureau
6 are selecting and training troopers and gaming
7 agents to regulate and enforce law at the
8 facility.

9 That same staff as we get done
10 training them getting them ready to regulate at
11 the facility will be conducting the preopening
12 inspection, which is a final review to confirm
13 that count rooms, counting equipment, cash
14 areas, emergency generator systems, games,
15 process and procedures are ready for the
16 opening.

17 As well, MSP, local law enforcement
18 agency and the Commission are also working to
19 finalize an agreement of cooperation to support
20 that process. We are also under the Gaming Act
21 required to make arrangements and enter an
22 agreement with the Alcohol Beverage Control
23 Commission, which we are very close to
24 completing that process, and might note as we

1 move forward here that ABCC has been
2 tremendously helpful to us as we've been
3 looking at our regulations and working on an
4 agreement with them to provide alcoholic
5 beverage services at the facility.

6 While we are working with Penn -- We
7 are also working with Penn to licensee and
8 register about 438 additional employees over
9 the remaining period. We've seen significant
10 response in addition to the vendors, the number
11 of vendors submit for licensing. And of course
12 ultimately it's up to Penn who they actually
13 contract with to deliver the services.

14 At the same time, our staff is
15 continuing to finish development of our license
16 management system. And we've added two
17 licensing employees to help address this
18 workflow.

19 We are also implementing our self-
20 exclusion program with procedures, forms and
21 training. In addition, we are developing a
22 play management system project and Game Sense,
23 responsible gaming information center, on site.
24 To support the many research and responsible

1 gaming initiatives, we are recommending to add
2 a program manager to help our director to go
3 through that process.

4 GTECH, which has been selected by
5 the Commission to provide our central
6 management system to electronically monitor the
7 slots and we are at this point in the process
8 of developing a specific project plan in
9 cooperation with Penn and GTECH. Of course,
10 our emphasis in this of course is to establish
11 the Commission's ability to monitor ongoing or
12 daily operations, but at the same time we want
13 to make sure as we implement this program that
14 it does not interrupt Penn's operation or slow
15 their opening, planned opening in any way.

16 And finally, our Racing Division as
17 well is completing their seasonal hires and
18 preparing to issue approximately 650 licenses
19 from the period of about mid-March through
20 April 30. As I commented, on page four you
21 will find a complete list of the that we
22 anticipate prior to opening the slot parlor.

23 Through the end of fiscal year, we
24 had planned to add 22 employees. These

1 positions are essential for being ready to
2 begin to regulate the slots parlor. In fact,
3 12 are based particularly at the slots parlor.

4 In addition, we are anticipating
5 between 10 to 12 troopers to provide 24-hour
6 law-enforcement presence at the slot parlor.
7 On page eight, we've also included a specific
8 table that describes each position and what
9 they will be and the total number of positions
10 on site.

11 Now what I'd like to do is I've
12 talked a little bit about our tasks and our
13 staffing, I'd like to turn this presentation
14 over to CFAO Lennon.

15 COMMISSIONER ZUNIGA: Before we do
16 that I have a question. You mentioned the
17 project plan for the CMS. What is the timeline
18 for that? And are we constrained by the
19 opening of the slots parlor to have that
20 implemented?

21 MR. DAY: The plan and that process
22 is first we've requested and have received an
23 initial proposal or a proposed plan from GTECH.
24 Our staff is getting together with Penn's

1 staff, technical staff next week to actually
2 develop a specific project plan that will cover
3 when that will start and finish the project and
4 everything in between.

5 The process though is not planned to
6 begin before -- to have an implementation date
7 before the slot parlor actually opens. We
8 anticipate that it'll be really a phased-in
9 process that will work for Penn and we will
10 work for us to be able to bring the system up.
11 But it will not be before the fiscal year and
12 it will not interfere with the operations.

13 COMMISSIONER ZUNIGA: So, when do we
14 get the plan or when do you get the plan?

15 MR. DAY: I anticipate I'll get it
16 shortly after I return after a few days off,
17 but it should be pretty much available toward
18 the end of next week.

19 CHAIRMAN CROSBY: Did you want to
20 add something?

21 MR. GLENNON: We have a meeting on
22 Monday to join the two plans together
23 hopefully, the teams are meeting for the first
24 time. The contracts will be executed. And we

1 should be able to see the critical path. But
2 we've already, I think, made the decision, we
3 are not going to try to open or integrate the
4 CMS prior to opening. We will do a phased
5 implementation post opening day. I think that
6 mitigates the risk of impact to the opening.
7 There really isn't enough time. The original
8 plan was January 1. So, I just want to it put
9 on the table that going forward we will work
10 with Penn, but it will be a post opening
11 implementation.

12 COMMISSIONER MCHUGH: And has Penn
13 agreed to that?

14 MR. GLENNON: We let them know at
15 the meeting this week that that was our -- the
16 way it was going to go. I think they were
17 relieved that we weren't going to try -- They
18 have a pretty solid plan and I know we're late
19 in the game.

20 COMMISSIONER MCHUGH: Right, right.

21 CHAIRMAN CROSBY: In answer to
22 Commissioner Zuniga's question, it sounds like
23 we should probably by our next meeting see the
24 plan.

1 MR. GLENNON: I think you can see a
2 straw man of the model, yes. I think we can
3 have something. When I do the gaming lab, I
4 think Derek and I can come back and show you at
5 least a timeline and how we see it going, yes.

6 COMMISSIONER MCHUGH: We should have
7 introduced the last speaker, our CIO John
8 Glennon for those who are watching at home.

9 MR. LENNON: We should have a
10 proposed plan by tomorrow because our meeting
11 is Monday at one o'clock. So, we'll have
12 whatever GTECH is going to propose to us by
13 tomorrow with what they mentioned to us if we
14 don't have it by tomorrow --

15 COMMISSIONER ZUNIGA: My question
16 was more about whatever is the product of those
17 proposals and meetings. I understand that
18 there's two sides to the implementation. And
19 they need to work it out. We are sort of in
20 the middle watching but I would like to
21 understand that.

22 MR. LENNON: Absolutely.

23 MR. DAY: At the end, we were having
24 the meeting next week the idea of how soon the

1 parties can come together to get a plan so it's
2 back before the Commission for too a date that
3 sounds like it's possible, but on the other
4 hand, we haven't sat down and started the
5 process at this point. Any other questions?
6 Derek.

7 MR. LENNON: Thank you, Mr. Day.
8 Good morning, Mr. Chairman and fellow
9 Commissioners. I'm going to take this
10 opportunity to let you know that I'm going to
11 read from my prepared notes so I don't miss any
12 key points. If I'm looking down and you have
13 any questions, please feel free to interrupt
14 me.

15 CHAIRMAN CROSBY: Be sure to speak
16 into the mic.

17 MR. LENNON: Yes. So, I'm here
18 today to provide you with our second quarterly
19 update. I know it's a little late seeing that
20 we are in March. That'll make our third
21 quarterly update much easier as it will only be
22 a month afterwards.

23 This quarterly update was built to
24 support the operations plan that Executive

1 Director Day talked about. So, whatever is in
2 this plan, whatever is laid out as far as
3 functions, it is funded in the budget.

4 Included in your packages is a
5 memorandum and five appendices. Appendix A is
6 the standard monthly report that is on our
7 website. It's updated every month. The only
8 difference with this one is you have what our
9 proposed changes are for the quarter in our
10 budget, the column named proposed changes,
11 proposed adjustments.

12 Those adjustments are explained in
13 the memorandum as well as listed out in detail
14 in Appendix C and D. They are the same
15 information. Appendix C lays it out by
16 division. Appendix D lays it out by spending
17 category to tie along with Appendix A.

18 Appendix B is an update to the
19 balance of the remaining for each applicant as
20 well as the backup documentation for some of
21 the revenue adjustments that are being proposed
22 in this memorandum. And Appendix E is just a
23 summary level report of each division's budgets
24 and their spending tracked against those

1 budgets as they were loaded into the
2 Commonwealth's accounting system and is pretty
3 much real-time data.

4 The top level summary of this report
5 is where we are recommending decrease in the
6 gaming control fund anticipated spending by
7 \$1.38 million reducing revenue projections by
8 \$945.8K. And the result, as Director Day
9 pointed out, ultimately reduce our proposed
10 assessment by \$449,000. It would reduce it
11 from \$20.78 million down to \$20.33 million.

12 And as I was reviewing Appendix A
13 this morning, I noticed that under the revenue
14 adjustment section I put the 449 in the wrong
15 column. So, I'll have to adjust that, if you
16 will, to approve these adjustments on the
17 packet.

18 Following along with the memorandum
19 on page two, the majority of revenue reductions
20 come from licensing fees. While originally we
21 had projected \$1.259 million in annual
22 licensing revenues, I've had to reduce that
23 down to \$484,000. The majority of that is we
24 are doing -- The main reason for that is we are

1 doing -- It's twofold.

2 One, we over projected how many
3 licenses we'd be processing this year. And the
4 second is we've done a lot more in-house. So,
5 the costs have greatly reduced so we don't have
6 to bill back as much.

7 For the gaming primary vendors,
8 we're reducing from \$900,000 down to \$300,000.
9 The main reason for that is we had projected
10 costs to be about \$60,000 per applicant. It's
11 running around \$20,000 right now.

12 Under gaming vendor secondary
13 projections, we've only received about half as
14 many as we initially thought. So, we're
15 revising that down by about \$50,000. And under
16 the key gaming employees, once again that was a
17 bad estimate on our part. We thought we were
18 going to have double as many applicants as
19 we've had. Plus we were expecting the cost to
20 be around \$5000. And I think they're running
21 about \$2500 right now.

22 In addition to the decreases in
23 licensing revenues, we have some refunds that
24 we have to make for the Region A applicants

1 both Mohegan Sun and Wynn. We collected more
2 than the actual reviews costed. So, we're
3 going to refund. And that is shown in our
4 Appendix B. We're refunding I think it's
5 \$154,000 for one and \$158,000 for the other.

6 And then the final adjustment to our
7 revenues, we had initially anticipated
8 refunding all of the Phase I applicant
9 licensees where we had balances and --
10 applicants, not licensees, applicants. Three
11 of those applicants have actually applied for
12 Region C. So, those funds were taken out of
13 being a refund, moved into the Region C fund
14 line and you'll see the corresponding revenue
15 adjustments there.

16 In total, that brings our revenue
17 projections down by \$945,000. If you would
18 like any further details on that right now, I
19 can answer them.

20 COMMISSIONER ZUNIGA: Yes. On the
21 first point you made on the 449 that's in the
22 wrong column --

23 MR. LENNON: Yes.

24 COMMISSIONER ZUNIGA: Can you just

1 help me understand that?

2 MR. LENNON: Yes. So, I actually
3 put the decrease on that piece to actually the
4 wrong row. So, I put it under the transfer of
5 licensing, the \$17.5 million. It should be one
6 row up. So, I don't want this to reflect that
7 we are paying back less to the mitigation fund.
8 I want to be sure that we are reducing that
9 assessment not the mitigation fund.

10 COMMISSIONER ZUNIGA: So, it should
11 go one row down?

12 MR. LENNON: Yes.

13 COMMISSIONER ZUNIGA: Okay.

14 COMMISSIONER CAMERON: I had a
15 question about -- Good morning, by the way.
16 And I just wanted to compliment you on
17 preparing a very user-friendly budget format.

18 MR. LENNON: Thank you.

19 COMMISSIONER CAMERON: Other budgets
20 are much more difficult to read. And this
21 format is one that works well. Thank you.

22 Secondly, your projections for
23 anticipated number of applicants, you feel like
24 that's been done in consultation with the

1 licensee. So, those numbers should be somewhat
2 accurate.

3 MR. LENNON: Correct.

4 COMMISSIONER CAMERON: Okay, thank
5 you.

6 COMMISSIONER ZUNIGA: Those are
7 updated.

8 MR. LENNON: Those are updated
9 numbers that we're actually receiving, what we
10 anticipate to receive from Penn as they
11 reported to us as well as what we processed so
12 far for MGM and Wynn.

13 COMMISSIONER CAMERON: Okay. Thank
14 you.

15 MR. LENNON: So, now I'll move over
16 to the spending side, which is on the bottom of
17 page two of the memorandum and it goes through
18 page four. We are recommending decreasing
19 spending by \$1.3 million. These changes are
20 laid out in detail in Appendices C and D, but
21 I'll just walk through the high level.

22 Under the employee compensation
23 line, we are decreasing by \$17.5K. That's a
24 combination of delays in hires as well as --

1 So, there's some ups and some downs you'll see
2 in the appendices. And there were some raises
3 given out for non-managers where there was an
4 across-the-board three percent raise. So, we
5 pulled it out of the HR line, moved it into
6 each division's line. This is just realigning
7 the budget.

8 Under the interim line, which is the
9 CC object class we've reduced by \$40.9K. And
10 the reason for that is we have pushed off a lot
11 of our interim hiring into FY'16. The DD line
12 is decreased based on a percentage base of the
13 A and C so that goes down by 5000.

14 Under administrative expenses, this
15 is the only line that's actually showing an
16 increase. But if you look into the budget
17 documents by division, these are net zero
18 offsets. So, I made a mistake. I budgeted our
19 leased cars under the LL object class when the
20 Office of Vehicle Management gave me the actual
21 lease bill that comes under a different object
22 class. I can move it from the L up into the E.

23 Then our Responsible Gaming and
24 Research office moved money out of the cohort

1 study where they had extra money anticipated
2 and move it up to a conference to attend.

3 Under consultant services, we are
4 decreasing by \$664.5K. The big changes there
5 are the \$313,000 that I referenced earlier that
6 we have to refund out to Wynn and Mohegan.
7 Initially, I thought it was going to be paid to
8 consultants. With the refund, I'm not going to
9 have that corresponding cost.

10 And then the other piece was the
11 decrease in licensing fees. Most of the region
12 -- Most of the gaming primary we had
13 anticipated we bill back. We're not going to
14 bill those back. So, we've got corresponding
15 offsets there.

16 The L, I just discussed. It's
17 corresponding with the E. The P is the grants
18 is also a net zero where it had to do with
19 responsible gaming where we moved money out of
20 the cohort study back up to E for conferences.

21 Then the other big decrease in costs
22 we have is under the IT object class. We are
23 reducing it by \$650,000. If you look at the
24 sheet, the details sheet, there's a lot of net-

1 zero adjustments for our LMS licensing system
2 where we move money out of Phase 2 into Phase 1
3 to make sure Phase I functions properly. The
4 public will have a good user experience with
5 it. Our back office will have a better user
6 experience with it, which I think was a
7 judicial move. And thank you for approving
8 that earlier in the year.

9 But the large decrease has to do
10 with the CMS system. The price came in lower
11 than we were anticipating. And we are
12 implementing it about two and a half months
13 later. So, we are saving those two and a half
14 months' worth of cost.

15 That's driving our budget down by
16 about \$750,000. Then we add about \$100,000
17 back to the IT budget so that they can use one
18 of the independent test labs to help test the
19 floor and have it open. Because GTECH has told
20 us they will not be able to have the system
21 installed by Penn's opening, which means we
22 will have to go around and have the gaming
23 agents seal each device and make sure that the
24 right piece of software is on each machine.

1 That summarizes all of the spending
2 reductions. So, spending reductions of \$1.38
3 million -- I'm sorry. Let me go back to my
4 earlier notes. Spending reduction is \$1.38
5 million, revenue reduction \$945,000 brings me
6 to my recommendation of decrease of \$449,000
7 for an assessment.

8 I will get into the horse racing as
9 well as what is left for the assessment but do
10 you have any questions on the spending
11 reductions right now?

12 COMMISSIONER ZUNIGA: I do have a
13 couple. The same comment, it's really great to
14 be able to follow by division. Even with the
15 object class reclassification, it's very user-
16 friendly.

17 But you mentioned the consultants
18 decrease which is also positive, an overall
19 positive in my view. We're also spending
20 however money on reviewing a lot of the ongoing
21 submissions like the SFEIR, etc. Do all those
22 costs now come under the oversight rubric, if
23 you will?

24 MR. LENNON: Yes, they do. So, both

1 the base costs for services of OPM as well as a
2 set-aside has been built into each one of those
3 budgets for expert services. So, that's all
4 coming under the OPM right now. We have about
5 \$460,000 set aside for both Region A and Region
6 B monitoring through the end of the year. We
7 think those numbers have a little bit extra in
8 there in case something comes up. So, we tried
9 to budget on the conservative side.

10 COMMISSIONER ZUNIGA: I also noticed
11 there's a bit of a decrease on legal outside
12 counsel. Is that also just relative to cash
13 flow?

14 MR. LENNON: That was a net zero.
15 So, what we did is we moved it out of the
16 outside counsel defending lawsuits and moved it
17 into the reg. review because our lawsuit
18 defenses was a little lower than what we
19 projected.

20 I had to keep what our insurance
21 policy requires us to keep in for that
22 contingency, but I had budgeted a little higher
23 and we brought that estimate down a little bit,
24 not drastically.

1 COMMISSIONER ZUNIGA: Okay, great.

2 MR. LENNON: So, we've got a lot of
3 detail behind the Gaming Control Fund. In your
4 packet, you also have all of our other
5 appropriations of spending under Appendix A.

6 As you'll see there's not many
7 adjustments we can reflect right now. The main
8 reason for that is the Racing Division takes up
9 the rest of these appropriations. While the
10 majority -- There's a lot of uncertainty in the
11 racing industry, especially the thoroughbred
12 side of the house. So, what we tried to do is
13 focus our attention on keeping track of actuals
14 and revenue when it comes to the harness horse
15 track.

16 We've met extensively with the
17 Racing Division on this. Revenues will come in
18 to match what our budget is anticipated for
19 that side of the house. But just for the
20 Commission's perspective, what we did do is
21 take a look at what would happen under two
22 different scenarios with the thoroughbred side
23 of the house. One, if live racing didn't
24 occur. And the second is if both live racing

1 and simulcasting was shut down at Suffolk.

2 So, under the first scenario where
3 simulcasting continues for the last three
4 months of the fiscal year and only live racing
5 is not happening in the Commonwealth, we would
6 lose \$17,000 in revenue to our oversight fund.
7 But we'd also not have to spend \$200,000 in
8 operational costs. So, it would almost be a
9 net increase to our balance sheet.

10 In the other instance if live racing
11 and simulcasting was shut down, we would lose
12 \$352,000 to our balance sheet. And we would
13 only not have to spend \$200,000 which would
14 actually have a negative impact which would
15 cause our roll forward into the future year to
16 be much less than what was projected at the
17 beginning of this process.

18 So, there's nothing we can really do
19 other than sit back and watch, but I just want
20 to give the Commission update and maybe put
21 some thought into what we might have to do for
22 FY'16 if either of these scenarios happen.

23 COMMISSIONER CAMERON: What were
24 those numbers again in the second scenario?

1 MR. LENNON: It was \$352.6K is what
2 we lose for just three months of revenue. So,
3 when you're talking about a year, you really
4 extrapolate that out. And \$200,000 in
5 spending, so it would be a negative 150 on our
6 balance sheet we'd lose.

7 COMMISSIONER CAMERON: Thank you.

8 COMMISISONER ZUNIGA: All things
9 considered, just as you conclude on that note,
10 there is so much in a state of flux that we
11 just have to see what the Legislature decides
12 to do or what the thoroughbreds can -- what
13 happens in that space.

14 MR. LENNON: Correct. Pages eight
15 and nine of the memorandum deal with assessment
16 and what we have billed to date. On that
17 chart, I've taken the liberty to reduce the
18 assessment in anticipation that you'd approve
19 decreasing the assessment by \$449,000, decrease
20 it down to \$20.33 million.

21 We've collected \$8.94 million, which
22 means we still need to bill 11.38. Although
23 we've had many internal discussions among staff
24 about what the definition of approved gaming

1 positions would be so that we can do the proper
2 assessment based on each licensee's
3 proportional share, the only time that we can
4 really think of that the Commission has
5 officially approved gaming positions was when
6 the licenses were awarded. And the only
7 additional opportunity we have unless we change
8 our process around would be when an operation
9 certificate is approved.

10 So, for the purposes of billing for
11 assessment proportional shares of gaming
12 positions, I'm recommending we keep consistent
13 the gaming positions reported by HLT in section
14 2.3 of the finance presentations, which were
15 approved by the Commission until an operation
16 certificate is approved. And those are
17 reflected in that chart on page eight and nine.

18 Based on that chart, I would ask the
19 Commission to approve us to bill licensees for
20 the balance of their assessment as reported in
21 the column balance remaining.

22 This brings me to the end of my
23 presentation.

24 COMMISSIONER ZUNIGA: I was actually

1 going to make a point on that. Not only will
2 you get the approval eventually, but the real
3 encouragement to get ahead of these billings in
4 my view we also need to be concerned or
5 watchful of those collections overall.

6 MR. LENNON: Correct.

7 COMMISSIONER ZUNIGA: And I know
8 it's about refining a little bit our internal
9 processes but that's important. It's important
10 to me and it's important to everybody.

11 MR. LENNON: On the licensing piece?

12 COMMISSIONER ZUNIGA: Yes.

13 MR. LENNON: Correct.

14 COMMISSIONER ZUNIGA: All
15 collections, but there's a component on the
16 licensing piece that I know you're at work at
17 -- you're working on. We have to be able to
18 determine the cost and apportion it and account
19 for it and bill it because now we're getting to
20 so many more transactions with key vendors and
21 key employees etc., etc. that has a real
22 logistics challenge. But I know you are
23 working hard at it and encourage you to do
24 that.

1 MR. LENNON: Thank you. And we'll
2 definitely tap into you for your experience on
3 that. There's going to be a very coordinated
4 effort as you stated. Until we can get Phase 2
5 of the licensing system built, a lot of those
6 hours are being kept in the licensing division
7 until they process the application and then IEB
8 as they actually review it.

9 Then we have to sit down and get the
10 billing, what we billed to date by license.
11 So, you are correct, that is an area that we
12 have to get done by May 30 so we can get that
13 revenue in by June 30 and send out the bill.

14 Are there any other further
15 questions, comments?

16 COMMISSIONER CAMERON: No, thank
17 you.

18 MR. LENNON: In that case, if the
19 Commission has no further questions, I'd like
20 to recommend that the Commission approve the
21 request in the conclusion section of the
22 memorandum. I tried to write it out so that
23 it's easy to make a motion.

24 CHAIRMAN CROSBY: Commissioner

1 Zuniga?

2 COMMISSIONER ZUNIGA: I'd be happy
3 to. And overall great work, a lot of detail
4 goes into putting all of these financials
5 periodically which is also something in our
6 website which is something we are committed to
7 do. So, I'm really happy with the result
8 overall as well showing that we have a
9 conservative approach. And as the year
10 concludes, we are in a position to return money
11 or decrease the assessment overall, which I
12 think is much better than the alternative of
13 having to make assessments last minute or
14 towards the end of the year.

15 MR. LENNON: And on that note, I
16 just want to say that the directors at the MGC
17 having their own budgets and managing it has
18 been very good. They've been held very
19 accountable to it. As you can see most of the
20 changes are net zero or actually driving costs
21 down.

22 So, just got a great team here, a
23 great group of directors, very easy to work.

24 COMMISSIONER ZUNIGA: Absolutely.

1 It's all made possible because of the way your
2 department has set up by department these
3 budgets and track them using all of the
4 technology that we have available to us. So,
5 this is great. It's well to your department as
6 well.

7 MR. LENNON: Agnes, Joanne, Maria,
8 Jane, they're all working very hard.

9 COMMISSIONER ZUNIGA: They all are.
10 So, I would move that the Commission approve
11 the proposed adjustments for the second quarter
12 as shown on Appendix A to the balance of the
13 fiscal year '15 budget and approve the
14 subsequent or corresponding reduction in the
15 assessment on the licensees as presented in the
16 packet here.

17 CHAIRMAN CROSBY: Second?

18 COMMISSIONER CAMERON: Second.

19 CHAIRMAN CROSBY: Any further
20 discussion?

21 COMMISSIONER MCHUGH: No. I would
22 just like to add my thanks for the transparency
23 of the format that we have. It's easy for us
24 to follow. And when we started down the path

1 of putting these up and updating them rapidly
2 on the website so that others could see what we
3 were doing, this is the kind of easy-to-follow
4 format that I hoped for and I think all of us
5 did. So, my thanks to you and the others who
6 executed on that.

7 CHAIRMAN CROSBY: Anybody else? All
8 in favor, aye.

9 COMMISSIONER MCHUGH: Aye.

10 COMMISSIONER CAMERON: Aye.

11 COMMISSIONER ZUNIGA: Aye.

12 COMMISSIONER STEBBINS: Aye.

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

15 MR. LENNON: Thank you
16 Commissioners.

17 MR. DAY: That brings us to item
18 (d), the ABCC regulations with Deputy Counsel
19 Grossman.

20 MR. GROSSMAN: Good morning,
21 Commissioners. You have before you a draft of
22 the ABCC regulations. It's appeared before you
23 once before. It was sent out for informal
24 comment.

1 In the interim, we've had a chance
2 to discuss the draft with our licensees as well
3 as with our colleagues at the ABCC. We have
4 made a number of adjustments and changes that I
5 would like to go through right now. And at the
6 end of the presentation, I'll ask that you
7 consider moving this draft through to the
8 formal promulgation process so that we can move
9 toward a public hearing.

10 The first area that I'd like to just
11 point out is on the first page where we have
12 defined the term complimentary or free of
13 charge. That's important in the context of
14 complimentary or free drinks and really gaining
15 an understanding of what we mean by
16 complimentary or free.

17 In here, we say that something is
18 complimentary or free if it's not paid for with
19 money or other form of monetary-like
20 consideration to include such things as gift
21 cards or rewards points. And that becomes
22 important in the context of the service of
23 alcoholic beverages within a casino, which in
24 some respects is different from service

1 elsewhere.

2 It's important to note though we've
3 made great efforts to ensure that the language
4 in these regulations is consistent wherever
5 possible with state law when it comes to the
6 service of alcoholic beverages outside of the
7 casino. And this was one area though where we
8 felt like a definition would help clarify how
9 the service would work inside the casinos.

10 That works hand-in-hand with a
11 provision that's a little further on down. It
12 starts at the bottom of page six of the draft,
13 the top of page seven where we have a section
14 entitled distribution of alcoholic beverages
15 free of charge. In there we refined the
16 provision where we talk about ensuring payment
17 for beverages, and again, what it means for
18 something to be free.

19 In here we have a provision where we
20 talk about provision of alcoholic beverages to
21 a patron at no cost. And the important element
22 here to note is that we say if the beverage is
23 paid for by a third-party then they're no
24 longer free or complimentary.

1 That covers a scenario in which you
2 have a function of some sort and that somebody
3 has paid for the drinks but the individual who
4 is actually receiving the beverage has not paid
5 for it. So, that would be covered there. We
6 also included a provision to require that any
7 such transaction be documented so that our or
8 the ABCC inspectors at the facility could
9 ensure that these transactions were in fact
10 actually paid for.

11 We have a mirror provision in our
12 internal control draft that governs the
13 documentation of transactions that are paid for
14 with forms of consideration other than money.
15 So that anytime essentially an alcoholic
16 beverage is purchased in the casino, whether
17 for money or for other forms of nonmonetary
18 consideration, there will be documentation of
19 the transaction so that we can ensure that
20 there was some form of payment for the drink.

21 COMMISSIONER CAMERON: So, the open
22 bar at the wedding you need the person who paid
23 for that.

24 MR. GROSSMAN: You wouldn't need the

1 person, you would need a receipt showing that
2 it was paid for.

3 CHAIRMAN CROSBY: Todd, excuse me.
4 It's in the statute that drinks can only be
5 free within the gaming area, right?

6 MR. GROSSMAN: That's right. That's
7 a great place to really start the conversation
8 actually is what the statute says. You start
9 with under state law that you can't give away
10 alcohol beverages free of charge. The Gaming
11 Act, Chapter 23K section 26 says that you can
12 give away free drinks in a casino in the gaming
13 area. Actually section 26 says you can give
14 away free drinks in the gaming area or anywhere
15 in the gaming establishment.

16 There's a provision in the Gaming
17 Act, which is not codified in Chapter 23K that
18 limits the service of alcoholic beverages free
19 of charge just to the gaming area.

20 So, there is little question that if
21 a casino were to provide an alcoholic beverage
22 to someone in the gaming area who's playing a
23 game, playing a slot machine, etc. that that is
24 specifically allowed under state law.

1 And given the unique nature of
2 casinos, it was important that we refine our
3 understanding of what it means to give away a
4 free drink. That's why it was important that
5 we develop the definition of free or
6 complimentary to recognize the rewards programs
7 and other types of services that are offered by
8 casinos. That's what's all incorporated in
9 here.

10 And that's the primary difference
11 between the draft you have before you today and
12 the one that you saw a couple of weeks back.

13 There are a couple of other
14 adjustments that we made in here. But that was
15 the big one and certainly happy to discuss that
16 further. This will of course go through a
17 public comment period. So, anybody who is
18 interested in helping us to refine our
19 understanding of what that means or suggest
20 alternative approaches will have an opportunity
21 to do that.

22 MR. DAY: So, Todd when it comes to
23 the free gaming beverage question, essentially,
24 the regulation at this point says it's free in

1 the gaming area or it's paid for by rewards
2 points, for lack of a better term, or a third-
3 party in essence?

4 MR. GROSSMAN: I think that's a
5 broad fair description.

6 COMMISSIONER MCHUGH: This is all
7 very -- Are you finished with your
8 presentation?

9 MR. GROSSMAN: On the complimentary
10 there's just a few other minor details that I'd
11 like to point out.

12 COMMISSIONER MCHUGH: Go ahead.

13 MR. GROSSMAN: Actually, probably
14 just one other thing. I would just add that we
15 beefed up the provision dealing with the
16 storage of the alcohol. We hadn't really been
17 clear on that point. So, we added in a few
18 places, in fact some that may not be in your
19 draft that I just ask that we be allowed to
20 amend as well, requiring information be
21 provided to us relative to where the licensees
22 intend to store the alcoholic beverages when
23 the service areas aren't opened. That was the
24 only other point I wanted to make.

1 COMMISSIONER MCHUGH: Okay. I had
2 three points, one minor but interesting at
3 least to me. That is the bottle service
4 provision says that if you get a bottle of
5 wine, it has to be poured by somebody who's
6 licensed. You can't just put the bottle on the
7 table and pour it yourself?

8 MR. GROSSMAN: Not the wine and
9 maybe we should clarify that point. That's
10 intended for liquor.

11 COMMISSIONER MCHUGH: Is alcoholic
12 beverages a defined term?

13 MR. GROSSMAN: I don't know if it's
14 defined.

15 COMMISSIONER MCHUGH: Maybe you
16 ought to think about that. A bottle of wine, a
17 person may be busy and you'd be thirsty all
18 night.

19 MR. GROSSMAN: No, we can't have
20 that.

21 COMMISSIONER MCHUGH: The second
22 point, and I missed this last time around is
23 the minimum insurance requirement, which I
24 think is 255 - \$250,000/\$500,000 that's on page

1 six. That strikes me as extraordinarily low.

2 Where did those numbers come from?

3 MR. GROSSMAN: Those were numbers, I
4 believe that's actually higher than the present
5 state law. Those were I believe, recommended
6 by the ABCC.

7 COMMISSIONER MCHUGH: \$250,000 for a
8 death, for liability for a death is -- Well,
9 let's see what comments we get. I really think
10 that's not high enough. Let's see what
11 happens. And \$500,000 for an accident which
12 could be a multiple death sadly event thinking
13 now about automobiles, it strikes me -- Anyway,
14 I made my point.

15 The third and final thing is are
16 there remaining points of disagreement between
17 us and the ABCC or is the ABCC in agreement
18 with this?

19 MR. GROSSMAN: Yes, there is one
20 area that we are still working through. And
21 that is relative to acceptable forms of
22 identification when it comes to demonstrating
23 that someone is 21 years of age.

24 To understand where we are coming

1 from and where they're coming from, I think you
2 have to start by looking at the two statutes
3 that govern acceptance of identification to
4 prove age. I happen to have the ABCC law right
5 here. The ABCC statute is Chapter 138 section
6 34(b) where it talks about the forms of ID that
7 a licensee, and that's a bar or restaurant not
8 the casino, may reasonably rely upon for proof
9 of a person's identity. And that if they to
10 rely on that their license essentially, and I'm
11 paraphrasing here, can't be revoked or
12 suspended. And that they shall be presumed to
13 have exercised due care in making service of a
14 beverage to someone who is under 21 if they
15 rely on the forms of ID that are cited in the
16 general Massachusetts statute, Section 34(b).

17 And in this statute, those forms of
18 ID are limited to, I believe, Massachusetts
19 liquor ID cards, Massachusetts driver's
20 licenses, any passport or military IDs. And
21 it's further refined when it comes to the due
22 care provision where it doesn't allow, as I
23 understand it and I read it, a passport to be
24 used to satisfy that requirement.

1 So, that's the statute that the ABCC
2 enforces. And that is applicable to all
3 alcoholic beverage licensees in the
4 Commonwealth of Massachusetts.

5 Under the liquor -- the alcoholic
6 beverage provisions of Chapter 23K that's
7 governed by section 26 and specifically 26
8 paragraph (c) when it comes to our regulations.
9 What the law says as it applies to casinos is
10 that the Commission in consultation with the
11 ABCC shall promulgate regulations on the forms
12 of identification that may be presented to the
13 gaming licensee to demonstrate proof that a
14 person has attained the age of 21.

15 The way we read that is that that's
16 different from what Chapter 138 says. 138 is
17 essentially a presumption, an establishment of
18 a burden and a shifting of a presumption
19 whereas section 26 under Chapter 23K talks
20 about identifying acceptable forms of
21 identification.

22 And just to illustrate what we're
23 actually talking about here, the only real
24 difference between our list and the list under

1 Chapter 138 is that we say that you can also
2 accept out-of-state driver's licenses and out-
3 of-state liquor IDs. Otherwise, the forms of
4 acceptable ID are identical, I believe.

5 COMMISSIONER MCHUGH: You mean today
6 if somebody from California goes into a bar and
7 presents a California driver's license, the
8 bartender can't accept it.

9 MR. GROSSMAN: No. But if it turns
10 out to be a fake, they can't rely on that to
11 defend themselves.

12 COMMISSIONER MCHUGH: I see.

13 MR. GROSSMAN: Whereas in our case,
14 it says you have to come up with a list of
15 acceptable forms of ID. And if we don't
16 include out-of-state IDs then you run into the
17 problem in theory that you just identified.

18 To resolve some of the issue, and
19 this was part of our discussion with the ABCC,
20 we've added language into our regulation that
21 says that the casino should use scanners, ID
22 scanners, which as we're learning would
23 alleviate some of that issue.

24 COMMISSIONER CAMERON: The newer

1 scanners are very good at detecting false
2 identification, forged identification.

3 COMMISSIONER MCHUGH: So, those
4 homemade things that I've heard people might
5 use won't work.

6 CHAIRMAN CROSBY: Those homemade
7 licenses?

8 COMMISSIONER MCHUGH: Right. Got
9 it.

10 MR. GROSSMAN: That's the big area
11 that we're working through at the moment with
12 the ABCC.

13 COMMISSIONER MCHUGH: Okay, got it.
14 Thanks.

15 COMMISSIONER ZUNIGA: I was also
16 wondering about out-of-state, all of those
17 Yankee fans that go to Fenway Park.

18 CHAIRMAN CROSBY: They shouldn't
19 drink anyway.

20 COMMISSIONER MCHUGH: No, they
21 should be watching the game.

22 MR. DAY: Commissioner McHugh, we
23 also have recently received -- We forwarded our
24 latest draft to ABCC as well. We recently

1 received their response. And so we anticipate
2 having another meeting with them and verifying
3 what their advice might be before we codify it.

4 CHAIRMAN CROSBY: While we're on
5 this topic, I wanted to clarify one thing.
6 There's been discussion in the press about the
7 Treasurer's Office, which supervises ABCC, ABCC
8 resides in the Treasurer's Office, needing more
9 money for agents, for personnel for the ABCC
10 due in part to the need to regulate the
11 casinos.

12 We obviously have no opinion on to
13 whether or not the Treasurer needs more
14 personnel. That's up to them. But everybody
15 should understand that we pay for the ABCC
16 agents who will work in the casinos. And in
17 fact, we have already worked out an arrangement
18 to pay for an agent who will cover the casino
19 in Plainridge.

20 So, the licensees in effect are
21 paying for ABCC agents. There's no increased
22 demand for money on the ABCC from the casinos.
23 And that should be clear.

24 MR. DAY: Chairman Crosby, I think

1 with that is probably a good time to also note
2 because we also have an agreement and pay for
3 the Attorney General's Office, the State Police
4 and the ABCC and eventually we'll be tying in
5 the local authorities there as well.

6 CHAIRMAN CROSBY: Right. That's an
7 important point. From the beginning, the
8 Legislature made sure that the opening of the
9 casinos puts no additional pressure on any of
10 the critical regulatory state -- state and
11 regulatory bodies. The licensees through the
12 Commission pays for increased personnel for all
13 of these agencies ABCC, State Police and the
14 Attorney General, as you said. Anything else
15 on this topic, Commissioner Stebbins?

16 COMMISSIONER STEBBINS: I had a
17 quick question on page six. About two-thirds
18 of the way down you talk about alcoholic
19 beverage tastings and notifying the IEB.

20 MR. GROSSMAN: Right.

21 COMMISSIONER STEBBINS: Is that term
22 we also reference our State Police, the ABCC.
23 Why are we designating the IEB for that
24 service?

1 MR. GROSSMAN: Well, the IEB will be
2 enforcing the liquor plan in the casino
3 alongside the ABCC, as the Chair was just
4 mentioning and Mr. Day discussed. The ABCC
5 will have an agent or agents who will be
6 assigned at times to work in the casinos,
7 though it's not anticipated that they will be
8 there full-time. So, our folks who will be
9 there full-time will be required to enforce the
10 alcoholic beverage rules a large amount of the
11 time.

12 So, this was intended to ensure that
13 if the casino was going to have a tasting that
14 they'd have one place that they know they could
15 go and just make the notice. And then we'll
16 make sure the appropriate entities know what is
17 going on.

18 COMMISSIONER STEBBINS: Okay.

19 MR. DAY: Just for clarification,
20 the ABCC agent will actually be part of that
21 task force under IEB as well.

22 COMMISSIONER STEBBINS: Okay.

23 COMMISSIONER ZUNIGA: Can I ask a
24 general clarification, the regulations talk

1 about the jointly responsible person in many
2 instances jointly responsible to the licensee.
3 Are those instances where the operator has
4 licensing agreement -- an operation agreement
5 for restaurants and bars for example, with a
6 third-party or is it reserved for people?

7 MR. GROSSMAN: No, that's exactly
8 right. If they were to lease out a space --

9 COMMISSIONER ZUNIGA: Public Play or
10 Doug Flutie.

11 MR. GROSSMAN: Yes. The statute
12 says that we or the Commission can issue a
13 gaming beverage license to the gaming licensee.
14 It doesn't talk about issuing separate licenses
15 or anything that. That's why everyone has to
16 fall under the umbrella of the gaming beverage
17 license. And we've set up the infrastructure
18 to include entities like that.

19 CHAIRMAN CROSBY: Great. Do we need
20 a vote?

21 MR. DAY: Yes, we do.

22 CHAIRMAN CROSBY: Who would like to
23 do this one, Commissioner Cameron?

24 COMMISSIONER CAMERON: Sure. I move

1 that we approve CMR 205 sections 136.01 through
2 136.08 having to deal with the distribution of
3 alcoholic beverages at the gaming
4 establishment.

5 CHAIRMAN CROSBY: And move it into
6 the formal hearing process.

7 COMMISSIONER CAMERON: The formal
8 process, correct.

9 CHAIRMAN CROSBY: Second?

10 COMMISSIONER STEBBINS: Second.

11 CHAIRMAN CROSBY: Commissioner
12 Stebbins second. Any further discussion?

13 COMMISSIONER ZUNIGA: This is just
14 another example of great thoughtful work from
15 our legal division and all of the intricacies
16 of a couple of different statutes coming
17 together. So, thank you.

18 MR. GROSSMAN: Thank you.

19 CHAIRMAN CROSBY: All in favor, aye.

20 COMMISSIONER MCHUGH: Aye.

21 COMMISSIONER CAMERON: Aye.

22 COMMISSIONER ZUNIGA: Aye.

23 COMMISSIONER STEBBINS: Aye.

24 CHAIRMAN CROSBY: Opposed? The ayes

1 have it unanimously. Thank you.

2 CHAIRMAN CROSBY: Good morning.

3 MR. GLENNON: Good morning. Two
4 weeks ago I appeared before you and talked
5 about -- I'm sorry I'm John Glennon, Chief
6 Information Officer. And I have with me three
7 guests today. I'll read their profiles and
8 then I'll give you my report.

9 Starting with Mr. James Maida. Mr.
10 Maida is the President and Chief Executive
11 Officer of Gaming Labs International, LLC,
12 Lakewood, New Jersey. Mr. Maida began his
13 career in gaming with the New Jersey Division
14 of Gaming Enforcement in Atlantic City in 1985.

15 In 1987, he left the division to
16 study law and begin an independent game testing
17 consulting business. Gaming Laboratories
18 International was profiled in 1989. The
19 company has more than 850 people employed in
20 their offices worldwide. And GLI, LLC consults
21 and tests 42 state agencies, 225 tribal gaming
22 commissions, 475 jurisdictions around the
23 world. And they provide over 120,000 equipment
24 certifications a year.

1 With Mr. Maida and also representing
2 GLI is Ali Ghanavanti. Mr. Ghanavanti has over
3 30 years in the industry, extensive regulatory
4 and technical and operational knowledge. And
5 previous to working for GLI, he started his
6 career in 1984 with the state division -- the
7 New Jersey Division of Gaming Enforcement as an
8 engineer and rose to the position of deputy
9 chief in the Technical Services Bureau, and
10 joined GLI in 2008.

11 Along with Ali are several members
12 of GLI staff that have been supportive over the
13 last year are Kevin Mullally and Patrick Moore,
14 I wanted to recognize them as well.

15 And representing BMM Test Labs all
16 of the way to the right is Mr. Travis Foley.
17 He is the Executive Vice President of
18 Operations for BMM. Mr. Foley is responsible
19 for daily operations and service delivery in
20 North America and South America.

21 He spent 13 years in the Nevada
22 Gaming Control Board's technology division
23 where he was the director of the lab. BMM has
24 14 offices in 13 countries serving 270

1 jurisdictions in North America and 346
2 jurisdictions internationally.

3 To frame this, two weeks ago we
4 talked about the process of requesting
5 applications from independent testing
6 laboratories to be certified by the Commission.
7 We are pleased to have GLI and BMM be our two
8 applicants, which are before you today.

9 I have reviewed the material which
10 we requested based on the requirements that I
11 shared with you two weeks ago. I deem it to be
12 substantially complete. It has not however
13 been investigated by the IEB. The State Police
14 will do a gaming -- a Massachusetts vendor
15 background check.

16 But based on the experience of these
17 two laboratories and our need to engage with
18 them in order to support the opening of
19 Plainridge, I'm requesting that you consider a
20 conditional certification as independent
21 testing laboratories to work for the
22 Commission.

23 That's the motion that I would make.
24 I would like to give our guests the opportunity

1 to speak and you to ask me or them any
2 questions about the process that we've gone
3 through so far.

4 MR. MAIDA: I wanted to re-introduce
5 myself. It's good to see all of you today.
6 I'm from New Jersey. Our world headquarters is
7 in Lakewood, New Jersey. We've been supporting
8 your effort and your CIO's effort out of our
9 New Jersey office where we have about 300
10 employees.

11 Interesting in that office we start
12 at 7:00 a.m. in the morning and complete our
13 work at 3:00 a.m. in the morning running double
14 shifts so that we know in the gaming industry
15 most things that aren't so good happen after
16 7:00 at night in terms of the play. So, we
17 have people available. Also our inspection
18 unit, people who come out and inspect machines
19 work with governments and help them inspect the
20 machines are located there.

21 Ali is former chief engineer for the
22 gaming enforcement will be heading up our
23 relationship with you. It's a four-hour drive
24 depending on fast you go, but he will be back

1 and forth and working with your staff along
2 with Patrick Moore, Kevin Mullally and our
3 other resources.

4 So, that's really all I have to say.
5 And I'm happy to take any questions about our
6 background, the background of the company or my
7 background myself.

8 COMMISSIONER MCHUGH: Several of us
9 have had an opportunity to visit your lab in
10 Las Vegas as well as the BMM lab and I was
11 impressed with what goes on there. But you
12 just said something that I didn't realize. Do
13 you do real-time problem-solving? Is that a
14 part of the services you provide?

15 MR. MAIDA: We have a forensic
16 division so that a lot of times machines might
17 fail or you might have a patron dispute. Most
18 of the patrons are playing frankly after five
19 o'clock at night. So, we are on-call 24 hours
20 a day, but we are actually testing machines
21 from 7:00 a.m. until 3:00 a.m. four days a
22 week.

23 So, we open up in Australia at 4:00
24 in the afternoon on Sunday. We really work all

1 of the way through 24 hours a day until 8:00
2 Las Vegas time on Friday. Then we are on 24-
3 hour call.

4 So, if you do a forensic problem, a
5 disputable winner or whatnot, we can mobilize
6 people to be here in three hours from New
7 Jersey. I'm a lawyer and practice in five
8 states, but we also have people who have been
9 trained in evidence and retention of evidence.
10 Essentially, when you think of a plane goes
11 down and there's a black box, well, every slot
12 machine has a black box. And you can read it
13 back just like the National Transportation
14 Safety Board does.

15 So, we can take that device working
16 with your State Police with your lab with your
17 CIO, read it back and really come to the
18 conclusions as to what really did or did not
19 happen.

20 COMMISSIONER MCHUGH: Right. Got
21 it. Thanks.

22 COMMISSIONER CAMERON: I just have
23 one comment and that is I used to make that
24 drive on a regular basis and never did it in

1 four hours. So, I caution you that that may be
2 difficult.

3 MR. MAIDA: I started from further
4 north than you did.

5 COMMISSIONER CAMERON: Okay, not
6 from Ocean County.

7 CHAIRMAN CROSBY: She was a state
8 trooper and she couldn't do it in four hours.

9 MR. MAIDA: She was one of our state
10 troopers.

11 COMMISSIONER CAMERON: Just a quick
12 question, have you worked out an arrangement
13 with Director Wells with this plan? Is that
14 something that's been discussed with IEB?

15 MR. GLENNON: Yes. Travis would you
16 like to say --

17 CHAIRMAN CROSBY: Before you go on,
18 has GLI ever been denied a license in a US
19 jurisdiction?

20 MR. MAIDA: Never.

21 CHAIRMAN CROSBY: Have you ever had
22 any difficulties getting licensed, any
23 questions raised?

24 MR. MAIDA: Never.

1 MR. FOLEY: Good morning, my name is
2 Travis Foley, Mr. Chairman, members of the
3 Commission and Director Day. I'm glad to be
4 here today.

5 I'm excited about the opportunity of
6 working with the Massachusetts Gaming
7 Commission. Mr. Glennon had said some very
8 positive comments so far as the experience in
9 working with us. I would just like the kind of
10 echo that back to him.

11 I would like to say that I've been
12 involved in the gaming industry on the
13 regulatory side for many, many years. Most of
14 it was in Nevada where I worked with other
15 commercial jurisdictions, in my time with BMM
16 with many tribal jurisdictions as well. And
17 Mr. Glennon's approach to an openness to
18 understanding how different regulatory
19 frameworks have been established and how they
20 operate, and to look at those very closely and
21 select the best practices from those
22 established over the years has been refreshing
23 to see someone do that. So, at this point I
24 wanted to make that comment.

1 The only other comment I have and
2 then I'll answer any questions you have is I
3 did want to pass along apologies from our owner
4 and president, Mr. Martin Storm. Mr. Storm
5 lives in Australia and it was somewhat short
6 notice and was unable to make it here in time
7 for the meeting. So, I wanted to pass that
8 along to you. I'm available to answer any
9 questions you have about BMM.

10 CHAIRMAN CROSBY: Anybody else?

11 COMMISSIONER MCHUGH: No. I can
12 understand him not coming from Australia.

13 COMMISSIONER ZUNIGA: That takes
14 more than four hours.

15 COMMISSIONER MCHUGH: Right.

16 MR. FOLEY: He would make it if he
17 could. He recently flew -- He was in airports
18 or on a plane for almost 30 hours to make it to
19 Mississippi recently. So, he would've done if
20 he could but he was unable to do so.

21 COMMISSIONER MCHUGH: I understand
22 that. But as I said, we had an opportunity to
23 visit your lab as well in Las Vegas and that
24 too is a fascinating place. So, it's nice to

1 see you.

2 COMMISSIONER ZUNIGA: I will mention
3 that because I had that opportunity as well in
4 both labs. It's really an impressive --
5 They're both an impressive operation. The
6 activity that they have and the services that
7 they provide all around is really remarkable.

8 CHAIRMAN CROSBY: Anybody else? I
9 have the same question. Has BMM ever been
10 denied a license in a US jurisdiction?

11 MR. FOLEY: We have not.

12 CHAIRMAN CROSBY: Any questions
13 raised, any challenges, any problems with
14 license applications or licenses?

15 MR. FOLEY: No, Sir.

16 CHAIRMAN CROSBY: Thank you. I
17 guess we are ready for a motion.

18 MR. GLENNON: I think the last
19 paragraph kind of tees up the motion pretty
20 well.

21 COMMISSIONER STEBBINS: Mr.
22 Chairman, I would move that the Commission
23 approve temporary independent testing
24 laboratory certifications for BMM and GLI with

1 full certification to be issued contingent on
2 the outcome of the IEB background
3 investigations.

4 MR. GLENNON: We changed temporary
5 to conditional. You may have a previous
6 version. We did some word smithing.

7 COMMISSIONER MCHUGH: A conditional
8 independent testing certification.

9 COMMISSIONER STEBBINS: Yes,
10 conditional independent laboratory
11 certification.

12 CHAIRMAN CROSBY: Second?

13 COMMISSIONER CAMERON: Second.

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

16 COMMISSIONER MCHUGH: Aye.

17 COMMISSIONER CAMERON: Aye.

18 COMMISSIONER ZUNIGA: Aye.

19 COMMISSIONER STEBBINS: Aye.

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

22 MR. GLENNON: Thank you very much.

23 COMMISSIONER CAMERON: Thank you.

24 We look forward to working with you.

1 COMMISSIONER ZUNIGA: Thank you for
2 responding so quickly.

3 COMMISSIONER STEBBINS: Drive safely
4 home.

5 CHAIRMAN CROSBY: Let's take a quick
6 break while the Wynn folks come up. We'll be
7 back in five minutes, 10 minutes.

8

9 (A recess was taken)

10

11 CHAIRMAN CROSBY: We're ready to
12 reconvene meeting 147, Ombudsman Ziemba is next
13 on the agenda.

14 MR. ZIEMBA: Thank you, Mr.
15 Chairman. Today we are here to hear an update
16 from the Wynn team on its supplemental final
17 environmental impact report filing and the
18 design of the Wynn Everett facility.

19 As you recall, Wynn presented
20 revised renderings of the facility at the
21 January 22nd meeting of the Commission. Wynn
22 presented an update of its preparation for the
23 SFEIR filing at the Commission meeting on the
24 5th of February.

1 Since that date, Wynn submitted its
2 SFEIR filing on February 17. I'm going to let
3 Wynn go through some the timing regarding the
4 SFEIR process. I know that is part of their
5 presentation. Wynn will also provide a brief
6 update regarding some of its community
7 consultations and conversations which was
8 another condition of the Wynn license.

9 Before the presentation I will note
10 that the Commission posted important sections
11 of the SFEIR filing on its website shortly
12 after the Wynn filing with MEPA. With that
13 background, I'll ask Mr. Bob DeSalvio,
14 President of Wynn MA, LLC, Jacqui Krum, Senior
15 Vice President of Wynn and General Counsel and
16 Chris Gordon, Wynn project consultant for the
17 Dirigo Group to present their update.

18 MR. DESALVIO: Thank you, John and
19 good morning Commissioners. It's great to be
20 back in front of you again. And we are very
21 pleased today to really report really
22 significant progress on the project. We have a
23 lot of momentum moving forward. And in
24 particular today we want to highlight the areas

1 of the land assembly, the SFEIR filing and
2 certainly the community outreach meeting.

3 We are going to break this
4 presentation up really into two parts. Jacqui
5 wants to cover the items that we are required
6 through the licensure and an update on each one
7 so that the Commission is well-informed that we
8 are making our deadlines.

9 And then Chris is going to talk more
10 in-depth about the SFEIR and design. So, with
11 that I'm going to turn it right over to Jacqui.

12 MS. KRUM: Good morning,
13 Commissioners. I'm pleased to be in front of
14 you. So, the first and foremost following the
15 receipt of the license is we made all of our
16 upfront payments to our surrounding
17 communities. This totaled \$1.9 million.
18 Everything has been paid to date.

19 Second, I just wanted to go through
20 some of the license conditions that we
21 fulfilled. Obviously, we made the payments to
22 the Commission both the assessment fee and the
23 \$85 million license fee. As the second item,
24 we've issued the \$122 million deposit bond.

1 Then we acquired land for the gaming
2 establishment, which was the main parcel. In
3 addition to the main parcel, we've also
4 acquired the MBTA land, which allows Rutherford
5 access and some additional land north of the
6 property which permits the service road.

7 We have submitted and you have
8 approved our diversity plan. We have also made
9 a \$1 million payment to you which you are
10 holding in escrow for the city of Boston.

11 We have continued our outreach to
12 the various surrounding communities, and in
13 particular to the Charlestown neighborhood.
14 Since we've received the license, we have held
15 four meetings in the Charlestown neighborhood.
16 One was a big public meeting where we covered a
17 range of topics. Then we've had three
18 subsequent meetings last week where we covered
19 specific topics.

20 We have another one scheduled for
21 the 24th. This is specifically designed to
22 talk about Sullivan Square and Rutherford
23 Avenue. And we invite everyone who is
24 interested to participate in that meeting.

1 There's been a lot of insightful and
2 thoughtful comments raised during these
3 meetings. And we are going to continue to
4 engage.

5 We have also submitted our PIC
6 application, the public improvement commission
7 application related to our Sullivan Square
8 mitigation.

9 CHAIRMAN CROSBY: When was that
10 submitted?

11 MR. GORDON: It was before the 90-
12 day deadline. I think it was in January.

13 MS. KRUM: We are going to continue.
14 Design is continued on that. We are working
15 with the various stakeholders. We are
16 receiving comments. We will continue to refine
17 the design and hopefully that process will be
18 completed in the fall.

19 COMMISSIONER ZUNIGA: Ms. Krum just
20 in general, the community meetings you've had
21 in Charlestown, how would you characterize the
22 topics, mostly around traffic I would guess?

23 MS. KRUM: There has been a lot of
24 interest around the remediation process and we

1 are going to continue to have updates on that.
2 Once we finalize what our remediation plan is,
3 we'll present that to the Charlestown
4 neighborhood specifically.

5 For instance, there's been concern
6 about trucks going through residential areas.
7 And we've been able to give people comfort that
8 that's not what we intend to do and commit to
9 that.

10 The other big issue, of course, has
11 been Sullivan Square and Rutherford Avenue,
12 which we got into a discussion last Wednesday
13 on and we'll pick that discussion up in more
14 detail on the 24th.

15 COMMISSIONER ZUNIGA: Thank you.

16 MS. KRUM: As you are aware, of
17 course we submitted -- We looked at the design
18 of the tower and those renderings were
19 submitted on January 22. And Chris will talk
20 in more detail about what that entails.

21 Finally, in working with the
22 Commission, we were able to send out or the
23 Commission sent out on our behalf letters to
24 all of the Suffolk Downs' employees. We've

1 received 60 responses.

2 CHAIRMAN CROSBY: Sixty?

3 MS. KRUM: Sixty with a lot of
4 interest particularly in our construction jobs.
5 So, we'll be following up with them in the
6 coming weeks and hopefully hold a forum that
7 will enable them to participate in that.

8 CHAIRMAN CROSBY: That probably
9 means getting into a union somewhere.

10 MS. KRUM: It does.

11 CHAIRMAN CROSBY: So, anything you
12 can do facilitate their understanding about
13 what is required.

14 MS. KRUM: We're working very close
15 with the unions. We're putting together a big
16 sort of union fair so that people can come and
17 go through and meet with the various unions,
18 see what the requirements are with the various
19 trades and figure out what they need to do in
20 pretty short order to get to be a part of the
21 construction process.

22 COMMISSIONER STEBBINS: Jacqui, do
23 you have an update as to where you are in the
24 process in either selecting construction

1 managers or GC and how this all ties into that?

2 MS. KRUM: Sure. We had full very,
3 very good productive meetings with construction
4 managers, with potential construction managers.
5 We are stepping up that process and hope to
6 have somebody on board by May/June.

7 COMMISSIONER STEBBINS: Thank you.

8 MS. KRUM: Any further questions
9 before we turn it over Chris for the SFEIR?

10 CHAIRMAN CROSBY: Thank you.

11 MR. GORDON: Good morning. Thank
12 you for having us back. We want to talk
13 briefly about the SFEIR and some of the design
14 issues you've asked about. As you know we
15 filed last year our FEIR, the final
16 environmental report. And most of that was
17 deemed adequate and acceptable. However, they
18 asked us to do a supplemental environmental
19 impact report primarily based on
20 transportation.

21 So, through the last probably four
22 or five months we've been working with a number
23 of different groups including the MDOT, the
24 Boston Transportation Department, the DCR, a

1 number of the communities and really going
2 deeper into some of the transportation issues.
3 And we would say in hindsight we think it's
4 been a positive phase.

5 It's allowed us to really spend time
6 that you might do later in design sometimes,
7 but because of the importance of this project
8 we really got into a lot more detail which is a
9 good thing. So, we filed the SFEIR on February
10 17. It's approximately a 2000-page document.
11 About a third of that is text and graphics.
12 And the other two-thirds is technical appendix,
13 which is mostly traffic analysis and model
14 results and that sort of stuff.

15 And we are pleased to say we think
16 we've addressed all the issues. There were
17 approximately 59 issues that were brought up to
18 be addressed in the SFEIR. Some were big.
19 Some were little, but all were important. So,
20 we've done an awful lot of work on that and
21 addressed those.

22 It's now out for comment. We expect
23 comments back -- The comment letters are due
24 March 27. Then we expect a certificate on the

1 SFEIR April 3. And those dates are sort of set
2 by the process that's set out by MEPA.

3 We've also met with MEPA. We've met
4 with a number of people. We've met with
5 abutters that are going to be writing comment
6 letters. We spent a lot of time in the city of
7 Everett. And obviously, we've had meetings in
8 Charlestown. So, I think we're guardedly
9 optimistic on how that's going to go. But we
10 certainly look forward to reading any comment
11 letters that come in.

12 Any questions on that before we go
13 on to some of the design issues?

14 COMMISSIONER ZUNIGA: Just remind
15 me. The comment letters come in -- You have
16 access to the comment letters until the 27th?

17 MR. GORDON: They can be submitted
18 to MEPA until the 27th. Then MEPA evaluates
19 those comment letters as it writes the
20 certificate. The dates are set up by the way
21 the MEPA regulations run so the certificate
22 would be out on April 3.

23 COMMISSIONER MCHUGH: I am glad that
24 you're optimistic about this because of course

1 this is the key to doing anything. And
2 everybody understands that. So, I know you've
3 been doing a substantial amount of work on
4 this. And I've look at the SFEIR. I didn't
5 read every word of it.

6 MS. KRUM: All 2000 pages?

7 COMMISSIONER MCHUGH: It represents
8 a thorough analysis of the issues. But just to
9 restate the obvious, you've got to get that
10 done before any shovels go in the ground for
11 any phase of this.

12 MR. GORDON: We're going to show you
13 a slide in a minute. Through that process, we
14 were able to actually modify some of the
15 transportation improvements that we think for
16 the better. So, we're going to show you that.

17 We're also able to slightly reduce
18 traffic. That's primarily due because of the
19 program adjustments we made and the result of
20 some of the things that came out of the FEIR.
21 So, for most categories traffic went down. And
22 we're going to show you some of the impacts of
23 that in just a second.

24 This is the rendering that you've

1 seen, but we just want to walk you through this
2 and obviously for the people here as well. The
3 big change here is the architecture of the
4 tower. Thanks to the Commission, there was
5 some good thought put into the process of what
6 that tower might look like.

7 This is the new tower. It is
8 similar to what has been built in Las Vegas.
9 It is a glass façade. It's curved. It's
10 convex toward a view of the city. It is the
11 same height as the old tower. It's a bit wider
12 and that allowed us to go to the higher number
13 of rooms. We are now up to 629 rooms. So,
14 we've added 125 rooms, but the height stayed
15 the same which meets all of the zoning and the
16 height restrictions for the FAA.

17 It sits on a podium at just about
18 the same location. So, the internal workings
19 as far as circulation, lobbies that sort of
20 stuff is the same. But we think this it's
21 quite an elegant solution for the site. I know
22 you've seen it, but we think it's going to be
23 quite a nice addition to the skyline.

24 The rest of the building is quite

1 similar to what you've seen. It's still a low-
2 rise podium, which is primarily retail, food
3 and beverage and gaming. Stone façade with
4 some of the copper roofs you see in the
5 rendering.

6 And the outside and I'll show you a
7 site plan in a minute, but the outside is also
8 what you've seen before which is a very
9 detailed ornamental landscaping around the
10 entire building as well as the waterfront.

11 We still have the living shoreline,
12 which is on the edge of the water along the
13 front of the site which is known as the living
14 shoreline which a restoration of some of the
15 native plantings that would have been there a
16 long time ago. Taking out some of the
17 obviously the debris and the structures, the
18 stuff that's there now.

19 That allows not only a much more
20 scenic view but it also allows the water to
21 come and go through the tides and it actually
22 gets some cleaning through the natural
23 shorelines there. And of course, even by the
24 boat shuttle, we repair and replace the

1 bulkhead that's there for the boat dock.

2 This is hard to read but I think
3 you've got it in your book. This is an update
4 of where we are with the program from the FEIR
5 to the SFEIR. Through comment letters and
6 through our own analysis of the market, we've
7 made some adjustments. They're minor but they
8 are important. As I mentioned, the hotel room
9 count has gone by 125 rooms. It's up to 629.
10 We think that's really a good number. The
11 market seemed to be driving a higher number.
12 So, we put more hotel rooms in.

13 We've also, drop you down to the
14 bottom of the page, we reduced the parking a
15 bit. We got some comment letters back and
16 said, gee, if you've got more parking
17 available, then more people will drive. So, we
18 took a very close look at the entire program.
19 We took a very close look at parking and we
20 took 300 parking spaces out of the garage.

21 We still think we have enough. We
22 don't see any problems with overflow. But it
23 did allow us to show less parking in the garage
24 and yet still have plenty. There's 3400 spaces

1 under the building, which according to the
2 analysis in the SFEIR is more than enough what
3 we need.

4 There's a lot of other changes on
5 here you'll see but they're mostly minor. One
6 of the bigger ones that's a negative is we did
7 take out the nightclub, as I think you know.
8 And that allowed us to reduce our traffic
9 because that was a big traffic generator. That
10 was mainly due to market analysis that said
11 that might not be what we want to use that
12 space for.

13 And that allowed us to increase some
14 of the meeting and conference space. We made
15 some minor adjustments to retail, to food and
16 beverage, back of house, front of house, but
17 generally the rest of it is a result of those
18 changes.

19 There's also some fine-tuning just
20 because we are much further into the design.
21 Our design team is going 100 miles an hour.
22 So, we've actually got real detailed drawings
23 and do some of the square footage takeoffs.
24 And that's why you see some of the takeoffs are

1 slightly different than they were before.

2 COMMISSIONER MCHUGH: As I looked at
3 that, it is basically a new skin and a slightly
4 larger skin on the previously existing proposal
5 coupled with a removal of the nightclub and
6 insertion of the convention space in there,
7 which as you suggested decreases the traffic.
8 Those really struck me as the two big changes
9 in sort of a reorganization of existing
10 elements.

11 MR. GORDON: It also allowed the
12 environmental impacts to stay about the same or
13 less. So, we were able to not have to redo all
14 of those sections because it was the same
15 thing.

16 I will briefly show you -- And
17 again, we can stop this whenever you want. But
18 this is the floor plan layout. It's color-
19 coded. The purple color here is the gaming.
20 Around that the tower sits right here where the
21 hotel is right above the main lobby. So, you
22 have direct connection to the front and to the
23 gaming area.

24 You then see in red that's food and

1 beverage. So, there's a number nice
2 restaurants as well as a buffet, a coffee shop
3 that sort of stuff. That's all the food and
4 beverage.

5 The more pink color is retail.
6 There's a lot of retail wrapped around the
7 front. Then out here on the peninsula we have
8 meeting space. That could be everything from
9 meetings to weddings to functions in the
10 ballroom. It's quite a nice open space where
11 you can have a number of events there.

12 Everything else in gray is back of
13 house. As you well know in these facilities,
14 there's lot of back of house required. So,
15 we've been very careful on the tight side how
16 to lay that out. And we're very happy to say
17 that everything fits, everything works.

18 And the design team, as I mentioned,
19 is far into details now. So, we tested out a
20 lot of these concepts and they work. So, we're
21 very pleased how the design process is going.

22 On the site it's very similar to
23 what you've seen. There's a very large area
24 out in front looking out over the city which

1 can be used for functions. We actually added
2 what's called an events lawn there. It's big
3 enough so you can have an outdoor small
4 concert. You could have a wedding. You could
5 have a meeting. And it's exactly set up to be
6 used as an outdoor function space in the good
7 weather.

8 The edge of the site still has and
9 will have the detailed boardwalk that goes
10 around the entire site. So, it's a 20-foot
11 wide boardwalk that allows you to walk the
12 entire property. That's open to the public.
13 It's a public amenity.

14 Anybody can go out there and walk
15 their dog, take a jog, whatever they want to
16 do. It connects into the DCR Park up here. It
17 connects out to Broadway here. So, you can
18 traverse the site anytime you want. And it
19 certainly will be public access for people who
20 want to be on the property.

21 In a minute, I'll show you detailed
22 access on how you come and go. But that's sort
23 of the general overview of that floor.

24 CHAIRMAN CROSBY: That's the biggest

1 change from this one is the access point.

2 MR. GORDON: Yes. We are now able
3 to use it as Jacqui says, it's no longer our
4 preferred access, it's the access which is
5 good.

6 COMMISSIONER MCHUGH: That also at
7 the risk of repeating, that also illustrates
8 this apart from the change in the function is
9 essentially the elements of the building that
10 we saw before. That's why I mentioned a minute
11 ago the new skin.

12 MR. GORDON: The program is very
13 similar with the exception we talked about with
14 the nightclub and the hotel rooms.

15 COMMISSIONER MCHUGH: Right.

16 MR. GORDON: This just shows you how
17 the hotel tower fits. You mentioned a new skin
18 on the old tower. That is correct. It is
19 however a bit wider.

20 We widened it on each end, which
21 allows for some of the suites and other things.
22 It's also much more of a smoother curve. It's
23 not three-legged diagram. It's actually a
24 curve here that looks out over the city. As

1 you saw the day you were out there, some of you
2 were able to go up in a lift, you do get a
3 dramatic view of the city skyline. So, people
4 think it's in Everett and you can't see Boston,
5 the opposite is true. It's a fantastic view
6 out of the hotel.

7 This is an example. There's four
8 levels of parking under the building, 3400
9 spaces. This is one floor plan of the garage.
10 Just to demonstrate where it is, it's all of
11 the building with the exception of the meeting
12 area and the back of house. The back of house
13 has some space underneath it be it there are
14 some height issues there we won't go into, but
15 the garage actually extends into part of that.
16 So, most of the garage is right here underneath
17 the main part of the building.

18 There's a couple of elevations I'll
19 go through here. We can go into detail if you
20 want, but these are just the beginning of the
21 architectural drawings we are doing to actually
22 lay out each façade of the building.

23 As we mentioned, the façade here of
24 course is the glass with a distinctive -- the

1 Wynn logo here on the top as you see in Las
2 Vegas, the swooping roof. The façade at the
3 green space level is primarily stone. So,
4 you'll see more of a natural stone on the
5 façade. And there's a number of details which
6 are starting to come out through the design
7 process that's all going to be detail.

8 This shows how the back of house,
9 the retail area and the tower line up. This is
10 it from the north, looking down on it from the
11 north.

12 The access was mentioned and I want
13 to make sure we are clear on this. We have
14 closed and own the MBTA property now which
15 provides three parcels of land. The main
16 entrance, part of the service road here and
17 I'll show you on a different slide another
18 piece over here. But that's now done. So, we
19 have access to put in our main entrance, our
20 preferred entrance, if you will. So, we are
21 quite excited about that.

22 We also continue to have the
23 emergency access over the tracks that we worked
24 with the fire department on. And Chief Butler

1 has been great about working with us on the
2 second access there.

3 So, we'll have the main entrance.
4 We'll have the service road entrance. And if
5 necessary we'll have the emergency entrance
6 over the tracks as well as the pedestrian
7 entrance from DCR and the pedestrian entrance
8 off Broadway. So, we are very pleased on all
9 of the access we have. And of course, we'll
10 also have water access with the docks here
11 where people will come and go by boat.

12 So, we think we've resolved the
13 access issues.

14 CHAIRMAN CROSBY: Say again the
15 issue about emergency access.

16 MR. GORDON: There's an existing
17 emergency access here. The shopping mall over
18 here uses -- in the event they need it and
19 their main entrance is somehow blocked, they
20 have a locked access across the tracks that the
21 fire department uses. We have the same access
22 going in the other direction, same gate, same
23 everything.

24 So, right here, if for example,

1 which would be quite unusual, if the main
2 entrance is blocked, the service entrance is
3 blocked, we have to get a third way to get onto
4 the site with emergency vehicles, which is
5 through a locked gate across the tracks. And
6 the fire department has access to that.

7 CHAIRMAN CROSBY: That's up on a
8 berm, isn't it?

9 MR. GORDON: No, you can drive
10 across. You're correct. There is a berm down
11 here. But where the emergency access is you
12 get a straight shot.

13 And we've checked all of the
14 training radiuses. And the largest fire truck
15 they have can make the turn. Again, we don't
16 think it will be used but it's good to have.

17 COMMISSIONER MCHUGH: There's been
18 some commentary about the MEPA process
19 attending the land transfer. What if anything
20 can you tell us about that?

21 MR. GORDON: As we said the transfer
22 is done. There has been some discussion about
23 sequence of events and timing on that. As far
24 as we know, we are still moving toward a

1 certificate on the third.

2 COMMISSIONER MCHUGH: No, about a
3 separate MEPA process for that transfer, did
4 that play any role in the discussion?

5 MS. KRUM: This has always been
6 included in our MEPA filing, this access. So,
7 when we discussed it with the MBTA, they did
8 not feel a separate MEPA filing would be
9 necessary.

10 COMMISSIONER MCHUGH: It's in the
11 SFEIR. And it was in the FEIR?

12 MS. KRUM: Correct.

13 COMMISSIONER MCHUGH: Okay, got it.

14 COMMISSIONER ZUNIGA: Chris, just go
15 back a little bit to the service entrance.
16 There is space to turn around on service trucks
17 or emergency vehicles?

18 MR. GORDON: Yes. And I'll show you
19 a slide of the whole service road in a minute.
20 But where the service vehicle comes in these
21 are where the loading docks out. So, almost
22 all of the vehicles will come and go from here
23 for linens, garbage, food, supplies would all
24 come and go out of here. There is enough room

1 in this service yard to turn a truck around.

2 There is also a service road and a
3 fire lane that goes all the way along the
4 building out to the end. And we've added a
5 turnaround. So, you can see there's actually a
6 loop there now where a full-size fire truck or
7 a full-size delivery truck can turn around
8 there.

9 On this scale it's hard to see but
10 there is a loading dock right here because of
11 the large meeting rooms there could be an event
12 being set up, a caterer or a band or an event
13 like that. So, we've got a little loading dock
14 here where a truck can come up and back up to
15 that loading docking and unload for the meeting
16 rooms.

17 There's also a full-size elevator
18 here where you can actually put an entire
19 vehicle in that elevator for if you have an
20 event on the gaming floor or something like
21 that and you want to bring in a demonstration
22 vehicle or a large piece of equipment or a
23 sculpture, you can do that.

24 So, they can turn around here and

1 they can turn around here. So, there's no dead
2 ends for any deliveries.

3 And we've been meeting with the fire
4 department on this, and we've got another
5 meeting set up on the 31st. They are really
6 starting to engage on all of the issues about
7 where they want certain things for hydrants and
8 access. And there's a fire control room.

9 They actually went out to Las Vegas
10 and looked at how the Wynn operates out there.
11 So, the fire chief, the police chief went out
12 there and looked at the facility. So, we're
13 starting to zoom in on what they need and it's
14 been going fine.

15 This is the rest of the service
16 road. The other MBTA property is here and
17 here. This is the warehouse site. And we've
18 also closed on that property as Jacqui
19 mentioned. We've had the ability to put in the
20 service road.

21 If you remember how or you may not
22 remember. In the transaction with the MBTA, we
23 have to get their new entrance open and
24 operable before we can close their old

1 entrance. So, that's one of the early items
2 which we are moving along on.

3 So, in order to get access here,
4 we'll give them access here and then we'll
5 close this entrance and be able to put in our
6 entrance there. We can get to the site without
7 their access, but it makes it easier. So,
8 that's the sequence of events we're working on
9 now.

10 COMMISSIONER STEBBINS: Chris, I
11 noticed the employee bus turnaround. Just
12 remind me the employee bus coming in the main
13 entrance or this back?

14 MR. GORDON: Service road. We have
15 a very aggressive -- All of the employees are
16 parking off-site, as you know. They're going
17 to be at places like Wellington station that
18 sort of thing. So, we're going to be busing
19 them all in.

20 So, we've got a service drop off
21 area here. Actually, inside the building you
22 can't see it, there's a whole area where
23 there's lockers and there's uniforms. There's
24 capabilities for them just inside that area.

1 So, all of the service buses would come in in
2 the service road, drop off, loop around and go
3 back out again.

4 This just shows how the MBTA new
5 entrance would work. What we like about this
6 is the MBTA now does not have a signal out on
7 Broadway. And if you've been there at shift
8 changes, there's a lot of cars coming and going
9 against the traffic because there's no light.
10 With this model, they actually do have -- they
11 will have a signal there now so they can get
12 through the traffic.

13 Finally, we want to give you an
14 update on where we are on the transportation
15 improvements. The scope of the transportation
16 improvements is the same, but we've been able
17 to fine tune these a lot based on the period of
18 time to prepare the SFEIR.

19 There's many, there's a long list of
20 things in the SFEIR but these are the big ones.
21 So, we want to make sure we remind you of what
22 the big ones are. Obviously, in Sullivan
23 Square we are proposing about \$10 million worth
24 of improvements to Sullivan Square. This is

1 primarily lane widenings, restripings,
2 signalization, improvements to the bus station,
3 so a number of things.

4 And that has evolved very well
5 primarily because of meetings with the Boston
6 Transportation Department and the DOT as well
7 as the MBTA. And the MBTA controls the bus
8 station. So, Sullivan Square is a complicated
9 area. So, we spend a lot of time understanding
10 what's there and what we can do to improve it.
11 And we are pleased with what we have got as the
12 interim improvements there.

13 Moving up toward the site, as you
14 know, we are rebuilding lower Broadway. And
15 this is major effort, because right now there
16 is no turning lanes on Broadway. So, even
17 though the road feels wide, it's two lanes in
18 each direction, you see traffic backups because
19 there's no turning lanes. So, one car that
20 stops to turn can stop an entire lane.

21 So, we're doing a lot of things on
22 Broadway. But the biggest thing we're doing is
23 adding left-hand and right-hand turn lanes at
24 most of the major intersections. So, a car can

1 pull off and dwell and wait for its turn as
2 opposed to stopping all of the traffic. That's
3 going to be a big fix on Broadway.

4 COMMISSIONER ZUNIGA: Is that in
5 both directions?

6 MR. GORDON: Yes. Also we're going
7 to be timing the signals better. So, Broadway
8 very quickly gets much better, which would be
9 good. We want to get that done early enough so
10 it will also help us as the building starts to
11 open. So, like a year in advance, we want to
12 get this stuff done so it will help with
13 construction and handle a lot of traffic coming
14 to the building for ramp-up and start up and
15 that sort of stuff.

16 Moving north, Sweetser Circle, as
17 you know, we're going to be rebuilding Sweetser
18 Circle. That's an area that's on the Revere
19 Beach Parkway, both Sweetser and Santilli and
20 Wellington are all circles, if you will, that
21 are along that area and have to be redone.

22 Sweetser has gone through a lot of
23 discussion including as recently as yesterday
24 we had a meeting with Bike to the Sea,

1 advocates that are advocating for bicycle
2 access through Sweetser. It was a good
3 meeting. They had good suggestions. The DOT
4 hosted the meeting. So, we are working on
5 fine-tuning things like bicycle and pedestrian
6 access as well as vehicles.

7 Santilli has evolved. If you
8 remember at one point we had a flyover going
9 over Santilli. We got a little bit of pushback
10 on that. The people were a little curious
11 about what it was, why we needed it. And DCR
12 was not excited about having another flyover
13 maintained because these are actually bridges.
14 So, long-term there's a lot of maintenance
15 costs.

16 So, we've got a new design here
17 that's all at-grade. So, there's a significant
18 rebuild of Santilli but it's all at-grade. So,
19 we don't have to have the flyover anymore. It
20 still works very well. So, we are pleased at
21 that outcome for Santilli.

22 And then Wellington, the plan is
23 similar, very similar to what it was before.
24 It's really widening lanes and that sort of

1 stuff. And Wellington as well as funding a
2 long-term study if they want to look at other
3 options for Wellington.

4 So, there's a lot of little
5 improvements we didn't put on the slide. But
6 there's a number of things we're doing in
7 addition to these big improvements.

8 COMMISSIONER ZUNIGA: Roughly the
9 numbers that I understood prior was two-thirds
10 of traffic coming through to the south.

11 MR. GORDON: It's a little less than
12 that. It's in the 50 -- I'm going to have to
13 look it up. It's in the high 58, 59 percent
14 coming through Sullivan Square. Then you've
15 got about 20 percent coming in through
16 Wellington. And then you've got the rest
17 coming from various other places. So, you've
18 got close to 80 percent of the traffic coming
19 in Route 16 and coming up through Sullivan
20 Square. Then the other 20 percent is coming
21 from various other directions.

22 CHAIRMAN CROSBY: We got a letter
23 from -- Do you remember the name of that group?
24 I sent a letter around. Community Path, is

1 that what it's called?

2 MR. GORDON: I don't know.

3 CHAIRMAN CROSBY: Headquartered in
4 Somerville, I think it's called Community Path.
5 Does anybody remember that, the name of it?

6 COMMISSIONER MCHUGH: I don't
7 remember the formal name, but they were talking
8 about extending the path along the shoreline.

9 CHAIRMAN CROSBY: Right. They're
10 committed to getting a walkway all around the
11 Mystic River and had a couple of suggestions
12 one of which was probably over-the-top, but I
13 will make sure you get it.

14 MR. GORDON: One related issue to
15 that is a part of the SFEIR we've added in an
16 additional mitigation feature which is \$250,000
17 to study a pedestrian bridge which would
18 connect the riverfront pass on both sides of
19 the river.

20 CHAIRMAN CROSBY: So, that was one
21 of the suggestions.

22 MR. GORDON: We put it in.

23 CHAIRMAN CROSBY: That's great.

24 MR. GORDON: If you look at our site

1 here and you look at what's happening at
2 Assembly Row and you look at a lot of the stuff
3 over here at Gateway, everybody who stands at
4 any of these sites says someday there'll be a
5 pedestrian bridge. So, we decided to put some
6 money behind that idea.

7 So, in the SFEIR there is a
8 commitment to fund the next phase of study.
9 DCR did the first phase of study. We're saying
10 we'll fund the next phase of study. Someday,
11 we don't know how and when it'll work, but some
12 day we can envision a bridge across there.

13 COMMISSIONER ZUNIGA: Pedestrian and
14 bike.

15 MR. GORDON: Our assumption is it
16 would be pedestrian and bike because from the
17 new T station which is right here, you can get
18 to either Gateway or our site in just a few
19 minutes which would allow us to have less
20 shuttle buses for example. And it'd be a more
21 pleasant way to get there.

22 So, we don't know how -- It's
23 complicated because it's a river, but we think
24 it's something in the future that can happen.

1 That was our summary, but we're
2 happy to go back and answer any questions on
3 any of those issues.

4 COMMISSIONER STEBBINS: Chris, just
5 real quickly, one of the local entities that
6 was interested in the changes at Santilli
7 Circle was the BNY Mellon facility and
8 business. I don't know if you've had any
9 chance to reach out to them and talk about
10 elimination of the flyover.

11 MR. GORDON: A week ago Monday the
12 city of Everett hosted a meeting with them.
13 And we met with them and in detail with the
14 traffic consultants to walk them through all of
15 those issues.

16 And I don't want to speak for them,
17 but the meeting went well. So, I know they've
18 seen this. They were concerned about -- The
19 bridge right next to Santilli is going to be
20 rebuilt anyway as part of the DCR and DOT
21 improvement. And they were worried that we'd
22 have the bridge under construction, you'd have
23 the flyover construction, you'd have Santilli,
24 Sweetser, sort of a big construction project.

1 So, again, the meeting went well and we'll wait
2 and see what their comment letter is. But I
3 think it was a good dialogue.

4 We did a similar meeting with the
5 Gateway staff. The Gateway team has similar
6 questions about -- They've said openly they're
7 in favor of our project, but they're concerned
8 about what it's going to impact them, because
9 they're busy especially on a Saturday. The
10 mall has an enormous amount of traffic.

11 We had a very good meeting with
12 them, I think, it was the middle of last week.
13 And we're going to get them some more
14 information this week. And again the meeting
15 we think went well.

16 COMMISSIONER CAMERON: Chris, you
17 mentioned 59 areas that you feel like you've
18 addressed. And I know you did have a number of
19 meetings with DOT; is that correct?

20 MR. GORDON: Correct.

21 COMMISSIONER CAMERON: And all of
22 those issues you felt like you had a clear
23 understanding of what their intention was, what
24 they were looking for?

1 MR. GORDON: Yes. To break it down
2 for you, what we did is we took the certificate
3 and we literally divided it into these 59
4 issues. Because the way the certificate is
5 written, of course, there's a lot of very
6 helpful text. But we boiled that into a very
7 specific action item list and we went with them
8 over months and months we had detailed
9 meetings.

10 And at each meeting we would take
11 four or five of those issues. And there was
12 some iteration, because our first answer was
13 not their first answer. So, oftentimes we had
14 to work through it and look at more modeling,
15 look at more definition. Again, I don't want
16 to speak for them but it was more than
17 constructive.

18 They had their team fully engaged.
19 We had our team fully engaged. And our traffic
20 consultants were deeply into the weeds on a lot
21 of the different traffic models.

22 I would say that we certainly on
23 almost all of those items we've reached a
24 conclusion. There are still we had a couple of

1 questions on, but I think we've agreed what the
2 solution is in the SFEIR. So, I think they
3 would say and again, I don't want to speak for
4 them, I think they would say we've answered,
5 thoroughly answered all of the 59 issues.

6 COMMISSIONER CAMERON: Thank you.

7 CHAIRMAN CROSBY: Is there some
8 reason why you highlighted Dempsey Muffins and
9 Bagels on the transportation plan?

10 MR. GORDON: The answer of course is
11 no. Somebody who pulled that up must have had
12 it on their Google search. Good free
13 advertising.

14 MS. KRUM: Always happy to promote
15 businesses in Everett.

16 CHAIRMAN CROSBY: Any other
17 questions, comments, thoughts?

18 COMMISSIONER MCHUGH: This is a very
19 helpful of where you are and what you've done
20 and what the changes are and the like. But we
21 under our regulations, this being a conditional
22 license, once the MEPA certificate has issued
23 are required to take another look at the entire
24 program.

1 And it seems to me that the approach
2 we ought to think about now is getting the MEPA
3 certificate. Obviously, that's the next
4 objective. And then teeing up through our
5 Ombudsman and our project, our own project
6 consultant the materials that we need to look
7 at in addition to the certificate to make this
8 judgment that our regulations require us to
9 make.

10 We went through of course at the
11 time of the initial award an exhaustive I think
12 it's fair to say, at least it was exhausting,
13 process analyzing both projects that were in
14 contention at that point. And while I don't
15 think we need to do that again or anything
16 quite as extensive because the certificate
17 requiring the filing of the FEIR focused
18 primarily on traffic, we do need to take a look
19 at that. We do need to take an original look,
20 our own look at the programmatic changes, the
21 changes of the layout.

22 So, I think that that probably is
23 the best thing to do subject to any thoughts
24 that you might have Mr. Ziemba. That is to

1 reiterate to wait for the certificate to be
2 issued to see what is there. Take that into
3 account. And then with our project consultant
4 come back for a formal review of this. And
5 then make a decision as to where we go from
6 there.

7 MR. GORDON: We totally agree. In
8 light, we've been engaging with your
9 consultants PMA. We had several good meetings
10 with them on the schedule and some of the
11 procedural issues they're working on. I know
12 that Rick and others have been attending some
13 of the meetings like in Charlestown and some of
14 those.

15 In other words, we're not waiting
16 until we get to a certain date. We're happy to
17 engage. And we're happy to engage now.

18 COMMISSIONER MCHUGH: And that's
19 good. And I know Rick Moore is who you're
20 talking about and the PMA representatives here
21 as well. But I think we need to have a formal
22 punctuation mark, if you will, that comes at
23 the end of a review after the certificate. I
24 think that's essential for us to do.

1 MR. GORDON: Sure.

2 COMMISSIONER MCHUGH: But as I say
3 this a very helpful interim briefing on where
4 you are and where you are headed.

5 COMMISSIONER STEBBINS: I have a
6 quick question if I can just go back to the
7 project refinement stage. You have essentially
8 taken away about a third of the retail space.
9 But it also talks about that includes hotel and
10 gaming areas. Can you help me understand that
11 change?

12 That has kind of a big impact on --
13 may or may not have a big impact on jobs and
14 things like that. Certainly, is a decrease in
15 the overall retail space, which can tend to be
16 a draw for your nongaming business.

17 MR. GORDON: We can explain what
18 happened in the sense when the convention and
19 meeting area got a little bit bigger some of
20 the retail space got a little bit smaller. We
21 don't see it as a major change in the market
22 draw, if you will. The hotel space obviously
23 got bigger because we added more hotel rooms.
24 That square footage was there.

1 The food and beverage was adjusted.
2 Food and beverage went down a little bit.
3 Again, that's a slightly smaller area of food
4 and beverage primarily because it moved some of
5 the program around by taking out the nightclub
6 and adding in the meeting space.

7 Other areas you had specific
8 questions on, Commissioner?

9 COMMISSIONER STEBBINS: I appreciate
10 that explanation.

11 MR. GORDON: The big moves as you
12 can see is the added space because of the hotel
13 rooms and then taking out the nightclub. Those
14 are sort of the big moves. The back of house
15 is really refinements to that addition. The
16 front of house is refinement. And the rest of
17 them is really sort of fine-tuning.

18 MS. KRUM: The reference to includes
19 hotel and gaming areas was really retail within
20 the hotel and gaming areas.

21 COMMISSIONER STEBBINS: Okay. So,
22 not really all of that space came along the
23 kind of all of the hotel building?

24 MS. KRUM: Correct.

1 COMMISSIONER CAMERON: To go along
2 with that employees should remain about the
3 same because they are picking up employees in
4 other areas? For example the hotel will
5 require more but there may be a few less in
6 retail?

7 MS. KRUM: Exactly. We don't see a
8 change in the number of employees based on --
9 It may be different positions obviously, but
10 because of the increase in the hotel rooms, the
11 employee count should remain the same.

12 MR. GORDON: Just as a sideline, as
13 we've been meeting with construction managers
14 and digging in a bit deeper, it actually looks
15 like construction maybe up a little bit for
16 employees because of the way the workforce
17 issues are. We haven't changed it in the
18 forecast, but that's good news we think for the
19 employment.

20 CHAIRMAN CROSBY: Great.

21 COMMISSIONER ZUNIGA: Bob or the
22 team, can you remind me what the parking
23 situation is going to be? Is it free parking?
24 Will you be managing that? Have you decided?

1 MR. DESALVIO: We are going to have
2 a revenue management program for parking. So,
3 we wanted to make sure that we were careful
4 about that. So, yes. The plan is to have --
5 to actually do a charge. Of course, for some
6 casino guests we may turn around and pick that
7 up for them. But in general, there will be
8 some sort of a revenue management plan. We're
9 still working on the details.

10 CHAIRMAN CROSBY: What is a revenue
11 management plan? Is it a parking fee?

12 MR. DESALVIO: Yes, parking fees.

13 MR. GORDON: But it's also the
14 equipment. It's actually installing the
15 infrastructure. It's all technology, of
16 course, but we would have that system in place
17 so Bob will have the flexibility to charge.

18 CHAIRMAN CROSBY: It's like revenue
19 enhancements.

20 COMMISSIONER ZUNIGA: It's also
21 traffic management, right? You can avoid the
22 person who parks there for free and goes
23 somewhere else.

24 MR. DESALVIO: That's correct. We

1 really want the spaces to be used for the
2 guests of the facility.

3 MS. KRUM: And to reduce additional
4 traffic coming to the property for that
5 purpose.

6 CHAIRMAN CROSBY: Anybody else?
7 Thank you, it's really good stuff.

8 COMMISSIONER CAMERON: Thank you.

9 CHAIRMAN CROSBY: You're finished?

10 MR. ZIEMBA: That's it.

11 CHAIRMAN CROSBY: It's now
12 lunchtime. We'll take a 45-minute lunch break
13 and be back at 1:15.

14

15 (A recess was taken)

16

17 CHAIRMAN CROSBY: We are ready to
18 reconvene. It is 1:20 on March 19. We are
19 reconvening meeting number 147. We are going
20 to agenda item number five, Research and
21 Responsible Gaming.

22 MR. VANDER LINDEN: Good afternoon.

23 So, over the last couple of years, the
24 Commission has adopted numerous responsible

1 gaming initiatives. All of these, I think, are
2 very in line with the Commission's mission and
3 commitment to mitigating the potential negative
4 and unintended consequences of expanded gaming
5 in Massachusetts.

6 We are at that point where we need
7 to begin this plan of measuring the
8 effectiveness of these initiatives. By
9 measuring the effectiveness of these
10 initiatives, it's taking that next step to say
11 so how effective are these initiatives? How
12 can we advance these initiatives to continue to
13 work towards that commitment that the
14 Commission has?

15 On December 18, the Commission
16 approved the 2015 gaming research agenda. And
17 within that agenda for 2015 was an evaluation
18 of the responsible gaming initiatives outlined
19 within the responsible gaming framework.
20 Specifically, there were three initiatives that
21 we identified were going to be important for us
22 to evaluate. First, was going to be the play
23 management tools on electronic gaming devices
24 at Penn. The second is the voluntary self-

1 exclusion program. And the third is the Game
2 Sense information centers.

3 So, following a procurement on
4 February 27, the Division on Addiction at
5 Cambridge Health Alliance was identified as the
6 successful candidate for us to work with on
7 this evaluation study. They submitted to us a
8 very thorough and thoughtful plan to commence
9 evaluation of those services. I had hoped to
10 bring to you today that evaluation plan and
11 that we could go over that in detail.

12 After reviewing their plan,
13 discussing with them, discussing with Chairman
14 Crosby and Commissioner Zuniga, we decided that
15 there was some revisions that needed to happen
16 to that plan in order for it to align with what
17 our goals and objectives are, what our timeline
18 is and our timeline needs as well as some of
19 the budget issues.

20 So, today I just wanted to give you
21 an update on where we stand with the evaluation
22 services, implementing the 2015 gaming research
23 agenda, and let you know that we are in active
24 -- not negotiations but discussions with the

1 Division on the evaluation plan.

2 In two weeks, we will come back --
 3 My hope is that we will be able to come back
 4 with a very good evaluation plan for you as
 5 well as a contract for you to consider.

6 CHAIRMAN CROSBY: Okay.

7 MR. VANDER LINDEN: I'd open it up
 8 for discussion and questions.

9 CHAIRMAN CROSBY: Did you talk about
 10 the truncated -- Did you describe that?

11 MR. VANDER LINDEN: No, I didn't.
 12 One of the things I said is that we need the
 13 evaluation plan to work within the timeframes
 14 that we need. A perfect example of this is
 15 play management.

16 We have a commitment to measure the
 17 usage and effectiveness of play management
 18 before we make a decision whether or not this
 19 would move from a trial or a test at Penn to
 20 all three of our applicants. So, the
 21 evaluation plan that was presented, for
 22 example, was a longer evaluation plan that
 23 would have extended into and beyond the opening
 24 of MGM and Wynn.

1 We are working and I think we have a
2 good plan that I think we just need some
3 further ironing out, a way in which we can
4 truncate that so that we have enough
5 information, findings and recommendations in
6 order to make a decision about whether we would
7 want to advance play management beyond that
8 test phase and into an operational phase with
9 all three licensees.

10 CHAIRMAN CROSBY: So, try to
11 structure it so we have enough data that we can
12 at least have a marginally informed decision by
13 the research when the time comes. We'll know
14 certain things well.

15 We'll know uptake. There's certain
16 things that we'll know. But measuring the
17 effectiveness at least in the first cut from
18 the evaluator was going to take a longer period
19 of time to be able to make any serious
20 substantive judgment about whether
21 participating in the play management system did
22 actually affect behavior and so forth.

23 COMMISSIONER CAMERON: So, are we
24 looking at maybe a year to evaluate? Would

1 that be an appropriate timeframe?

2 MR. VANDER LINDEN: I think that we
3 would be looking at the full two years to
4 evaluate. So, we are looking at a two-year
5 plan that we would roll out with the Division.
6 That would be basically from now until June 30,
7 2017.

8 COMMISSIONER CAMERON: That's very
9 tight to make a decision and implement at a
10 facility that is scheduled to open in the fall,
11 correct?

12 MR. VANDER LINDEN: Correct, that is
13 very tight.

14 COMMISSIONER CAMERON: So, can we do
15 18 months or do you really feel like you need
16 the whole two years?

17 MR. VANDER LINDEN: I think that
18 that's something that needs to be ironed out
19 with the Division as we move forward with the
20 evaluation plan. It is. What is the final
21 date that we need to have at least preliminary
22 findings and enough evidence to make that
23 decision?

24 To me the criteria deals with are

1 enough people using it that it would be
2 worthwhile for us to advance it? And do we
3 have enough information to -- for us to decide
4 whether or not it's effective, enough evidence
5 to show its effectiveness in order to say yes,
6 this is something we want to advance into the
7 next stage.

8 COMMISSIONER ZUNIGA: I was going to
9 mention something that you began to mention in
10 your last remarks, which is we shouldn't think
11 about the evaluation piece as one activity.
12 There are several elements on a rolling basis
13 that we'll begin to know during this period.
14 That is tight, but there is a principle that
15 Dr. Shaffer talks about first do no harm, what
16 is uptake, what may be the barriers. I am only
17 on the play management side. Are there ways to
18 decrease those barriers? Are there benefits?
19 Do the benefits outweigh the costs?

20 And a lot of that happens on an
21 ongoing and rolling basis of sorts. And that's
22 some of the scoping that's going on right now.
23 It's hard to ascertain with certainty the
24 ultimate question we want to answer if we have

1 not answered a lot of the interim questions.

2 COMMISSIONER MCHUGH: I look forward
3 to seeing the presentation, but I am very
4 reluctant indeed viscerally opposed to trying
5 to shoehorn a scientific study into a box
6 that's consistent with our schedule simply
7 because we have the schedule.

8 It seems to me that we need answers
9 to questions in a scientifically valid way.
10 And if that means we have to make a decision
11 about how to roll out or install or retrofit --
12 maybe that can't be done. But we need to
13 explore the options for getting a
14 scientifically valid study even if the time for
15 doing so extends beyond the planned opening.

16 I'm talking about an abstraction.
17 I'm just giving you a visceral reaction to the
18 problem and hope that we can talk about that
19 when we get the presentation.

20 MR. VANDER LINDEN: If I can
21 respond, and Commissioner McHugh, I absolutely
22 agree with that. I think that there's been a
23 lot of criticism of the evidence that has been
24 presented to date on pre-commitment tools or

1 play management tools, however you want to say
2 it. And when we try to point in any one
3 direction to the evidence, it always falls
4 apart.

5 One of the things that we've been
6 committed to here in Massachusetts, and I think
7 that that is evident by us working with the
8 Cambridge Health Alliance, the Division, is a
9 commitment to get some solid answers about what
10 truly is the evidence. To raise that bar
11 significantly on what type of the research
12 that's been done to date on this specific
13 issue.

14 I think maybe I'm not stating it
15 right, but I agree that we can't push it. And
16 I'm certain that the Division would not push it
17 in order to find an answer and try to shoehorn
18 it into the --

19 COMMISSIONER MCHUGH: I am delighted
20 to hear that. I didn't suspect otherwise, but
21 I just wanted to be clear because there's a lot
22 of people watching this, watching us talk about
23 this. And I didn't want to have tremors begin
24 to emanate.

1 CHAIRMAN CROSBY: Just to be clear,
2 neither Commissioner Zuniga nor I suggested
3 anything to the contrary either. We didn't go
4 back to the -- But it's a completely legitimate
5 point and I reinforce it. We didn't go back
6 and say give us results earlier, truncate your
7 study. It was what will we know come this
8 deadline because we are going to have to make a
9 decision. The decision maybe we don't have
10 enough information yet so we wait. But I
11 totally agree with you and I don't think we
12 gave mix signals on that point. Anything else?

13 MR. VANDER LINDEN: No, I don't
14 think so.

15 COMMISSIONER ZUNIGA: So, you feel
16 optimistic that between now and two weeks from
17 now you can get a little bit better feel for
18 the scoping, whether it's for the next year or
19 two years?

20 MR. VANDER LINDEN: Yes. I've had
21 very good conversations both with Dr. LaPlante,
22 Dr. Nelson from the Cambridge Health Alliance
23 over this week, over the last few days, even
24 this morning about how do we structure the

1 evaluation plan, several details of the
2 evaluation plan. I think that we are both on
3 board with the plan. We need to iron it out
4 further so that's in a condition to present to
5 the Commission.

6 COMMISSIONER ZUNIGA: I look forward
7 to some of this detail.

8 MR. VANDER LINDEN: It's such an
9 important piece. We have these amazing
10 initiatives that are moving forward with so
11 much potential to do a thorough evaluation of
12 them to advance these. I think it's absolutely
13 essential.

14 COMMISSIONER MCHUGH: Very exciting.

15 CHAIRMAN CROSBY: And we are,
16 further to Commissioner McHugh's point, we are
17 being watched a lot by other jurisdictions.
18 We're being asked to speak, Mark and I are both
19 being asked to speak about this issue. So,
20 you're absolutely right. Everybody is
21 watching. We want to do this right.

22 COMMISSIONER CAMERON: Director, are
23 there plans to evaluate interim information so
24 that adjustments could be made to better

1 utilize the system?

2 MR. VANDER LINDEN: So, take play
3 management for example. There are basically
4 several studies within this larger study to
5 look at play management.

6 The first study is going to be
7 simply consulting with us to configure it in a
8 way that maximizes the evidence that's
9 available, sets it up too so that they can
10 continue and ongoing evaluation.

11 The next stage of the study is to do
12 just a basic review, epidemiological review of
13 who is using the system. So, we get to know
14 who uses it, who doesn't use it and why.

15 The third takes a look specifically
16 at are there any negative or unintended
17 consequences of people using the system. And
18 this goes back to what Chairman Crosby said and
19 Dr. Shaffer first do no harm. We need to
20 answer those questions.

21 The next study, assuming that that
22 works out would be moving on to taking a look
23 at usage. Who is using the system? What's the
24 uptake rate? What types of changes could we

1 possibly make within the system, tweaks can we
2 make in the system to encourage uptake and to
3 encourage higher utilization of these tools?
4 What's the impact of those?

5 So, there is a continuous cycle of
6 reviewing it.

7 CHAIRMAN CROSBY: One of the reasons
8 why this is going to take a while is because
9 part of the study is to tweak the marketing of
10 it so that we can figure out -- We don't know
11 when we're going to get to a mature steady-
12 state system. It might take us a year to tweak
13 the marketing of it.

14 MR. VANDER LINDEN: On February 27,
15 we had a very good meeting with the research
16 team with several members of the Commission,
17 with Penn and Bally, which is the casino
18 management system that runs the play management
19 system to talk about many of the details, iron
20 out what's feasible, what's not feasible.

21 And how do we move forward
22 especially with knowing that we need to fold
23 the evaluation into the heart of this. And how
24 do we work together between the Commission and

1 the evaluation team to be able to make changes,
2 slight changes to the system along the way to
3 evaluate what effect those changes have.

4 COMMISSIONER CAMERON: That's such a
5 critical piece. That's a piece that lots of
6 projects aren't successful because by the time
7 the evaluation is done, it's almost too late to
8 make adjustments or people already have set
9 ideas. Where if you can evaluate continually
10 and make small adjustments, it's very valuable
11 to the success of the program.

12 MR. VANDER LINDEN: I agree.

13 COMMISSIONER ZUNIGA: It's a big
14 reason why this evaluation effort is large and
15 takes time and we're doing it up front.

16 CHAIRMAN CROSBY: Great. Anything
17 else? Thank you.

18 COMMISSIONER MCHUGH: Thank you very
19 much.

20 MR. VANDER LINDEN: Thank you.

21 CHAIRMAN CROSBY: We will now invite
22 our new interim director up.

23 COMMISSIONER MCHUGH: Good
24 afternoon.

1 DR. LIGHTBAUM: Good afternoon. In
2 your packet, you have a request from Plainridge
3 to alter their opening day. They received an
4 email from the Harness Horseman's Association
5 of New England asking for a delay due to the
6 extreme weather we had this winter. The
7 horsemen have had a little trouble getting
8 their horses fit for racing.

9 So, after Plainridge received that
10 request from the horsemen, Plainridge put in a
11 request to the Commission. That's what I'm
12 recommending is that we delay the opening.
13 We'll cancel April 1, 2, 6, 8, 9 and 12. And
14 then at a later date once Plainridge has
15 figured out, they will submit a revised
16 schedule to make up those days. General
17 Manager Steve O'Toole is here if you have any
18 questions.

19 MR. O'TOOLE: Good afternoon,
20 Commission. Actually, we started conversations
21 on this topic in February and thought it would
22 be okay if we got any relief from the weather.
23 But between the meeting that we had in late
24 February and then the meeting we had in early

1 March, we suffered three more storms in that
2 amount of time.

3 The amount of snow that we got and
4 the drifts and everything just at Plainridge
5 was astronomical. But more importantly a lot
6 of these horses, as I think you guys are all
7 aware of now, they train on farms independently
8 owned. They have to clear their own surfaces.
9 The guys are just having a really difficult
10 time.

11 So, with me today is Bill Abdelnour,
12 the director of the Harness Horseman's
13 Association as well as Bob Bogigian. We
14 thought it prudent at the time, which I think
15 was the request and just after your last
16 meeting we thought it was prudent at the time.
17 And it still hasn't really been that much
18 relief.

19 We have had some melting but this
20 week was very cold. So, I always thought that
21 we would have the track ready for the April 1
22 opening, but really we haven't been able to put
23 any equipment out there. When we did get the
24 thaw, it looked like we'd be able to start

1 grading up the surface last week. We got this
2 cold snap and we can't do anything until this
3 weather subsides.

4 I don't know if you want to hear
5 from Mr. Abdelnour.

6 COMMISSIONER STEBBINS: I was going
7 to ask and the question is directed at all
8 three of you. Two weeks doesn't seem like a
9 lot of time. Is it a sufficient amount of time
10 to have the horses prepared?

11 MR. ABDELNOUR: Yes, I do. Good
12 afternoon, everybody. Before I answer that
13 question --

14 CHAIRMAN CROSBY: Can you please
15 identify yourself for the record?

16 MR. ABDELNOUR: I'm sorry. My name
17 is Bill Abdelnour. I'm a director for the
18 Harness Horseman's Association of New England.
19 Before I say anything, I just want to thank
20 this Commission for all that you've done for
21 us, for all that you've done for racing. We
22 are deeply indebted to you and just thank you
23 for everybody.

24 To answer the question, I believe

1 so. It's not just two weeks though,
2 Commissioner. There's been times when we have
3 gotten out there and began our preparation, but
4 it hasn't been consistent. And if anybody
5 knows anything about horse racing, it's about
6 consistency, preparing every day. It's kind of
7 a like -- I like to equate it to spring
8 training which is going on right now as we all
9 know in Florida and other places throughout the
10 country.

11 Spring training is very important in
12 preparation for the season. Well, this is our
13 spring training. And when we lose days, we
14 have a tendency to fall back a little. So, the
15 two weeks seem to be sufficient. And after
16 discussing it with the general manager, Steve,
17 we seem to think that that's the right way to
18 go with your blessings.

19 COMMISSIONER ZUNIGA: How would you
20 make up the lost days, shifting the end of the
21 meet or trying to pick up additional dates? I
22 know you don't meet every day because of the
23 construction, etc. What is your thinking?

24 MR. O'TOOLE: So, this was a little

1 bit more difficult. Usually, when we have an
2 extraordinary circumstance where we cancel a
3 day of racing, we usually pick out a day. We
4 know what our horse population is like.

5 This season we are not very stable
6 right now. We thought that it'd probably be
7 best to evaluate and not to just throw out some
8 dates to make 105-day schedule but to kind of
9 look at it with my race secretary along with
10 these gentlemen and find out kind of not jump
11 the gun, start plugging in days and then we
12 can't meet that if we start doing four days a
13 week or whatever.

14 We don't really want to expand
15 schedule beyond November 30. It's a very look
16 schedule this year. April 1, the first day of
17 April to the last day of November. But I think
18 once we evaluate right after the first few
19 weeks of the meet and see if the horse
20 population is sufficient to start plugging in
21 some days, we'll plug in some days at that
22 point in time.

23 I might be anticipating a little bit
24 more of a twist to alter some other racing

1 days. So, we could do it all at once at that
2 point in time.

3 COMMISSIONER ZUNIGA: You'd
4 effectively be back with an update?

5 MR. O'TOOLE: Yes. I'd like to
6 submit something once we evaluate where we are
7 at, probably the first or second week of May.

8 COMMISSIONER ZUNIGA: But you're
9 still committing to the 105 days?

10 MR. O'TOOLE: Yes.

11 MR. BOGIGIAN: Commissioners, good
12 afternoon. Bob Bogigian, I'm the director of
13 the Horseman's Association. I wanted to just
14 back up what Bill said about what we want to do
15 is have a good product out there. Competitive
16 racing, put on a good program and this two-week
17 delay would help as was mentioned before get
18 our horses and everybody ready to put on a good
19 event to attract more fans, build up the
20 handle, stimulate interest. So, this two-week
21 delay would help us. Thank you.

22 COMMISSIONER MCHUGH: What's
23 involved in getting the horse ready? These
24 horses have been kind of hanging around the

1 barn for the whatever, right? So, what do you
2 do, take them out and walk around?

3 MR. O'TOOLE: That's the actually
4 problem. They've been hanging around the barn.
5 But I'll let Bill answer.

6 MR. ABDELNOUR: Well Commissioner,
7 most of the horses -- our last race was in
8 October, October 22. And most of the horses
9 didn't go elsewhere. There were a certain few
10 that did that were capable of competing at
11 other racetracks at a high level. Most of them
12 didn't. Most of them got what we call turned
13 out.

14 They go to farms. It's kind of
15 their R&R, if you will. When we bring them
16 back, it takes a long time to get them ready as
17 a rule. They jog every day. Weather
18 permitting, they jog every day. And after a
19 certain number of miles under their belt, if
20 you will, we turn them and jog them the
21 opposite way. When they get enough miles under
22 their belt, so to speak, we feel as though they
23 are ready to start training and then we train
24 them the correct way of the racetrack.

1 Now we don't just train them once.
2 We train them as a rule probably every five
3 days we train them. Oftentimes getting the
4 next day off to kind of recuperate. And then
5 go back to jogging until we get to that fifth
6 day as a rule. And then we turn them again and
7 train them again.

8 And gradually work them down from --
9 Everybody has a different timetable, but
10 assuming that they started at 2:40, two minutes
11 and 40 seconds. And then work their way down
12 over a period of time until they get to the
13 point where they can actually qualify, because
14 we have to qualify, meet a certain time
15 standard. And that takes time after being off,
16 in my case, they went off on October 22 or
17 October 23. And they were off until January
18 14, I believe or January 15.

19 They were just out in the field just
20 acting like a horse. So, to bring them back,
21 it takes a lot of time to do it right. By
22 doing it right, you eliminate the chance or you
23 decrease the chance of injury. It's like
24 running a marathon. We don't wake up, jog

1 three or four mornings and then run 26.2 miles.
2 That's in a general sense how it works.

3 COMMISSIONER MCHUGH: That's pretty
4 helpful. Thank you.

5 CHAIRMAN CROSBY: Do I remember
6 correctly that we have the authority to reduce
7 the number of race days under certain
8 circumstances?

9 DR. LIGHTBAUM: I don't believe this
10 year they do. I think for the first three
11 years with the new gaming legislation it's set
12 at 105. And then for the next two years it
13 increases.

14 CHAIRMAN CROSBY: Isn't there a
15 health and welfare clause or something for
16 certain reasons?

17 DR. LIGHTBAUM: If there's extreme
18 circumstances, kind of like an act of God we
19 usually call it, the Commission could decide.

20 COMMISSIONER CAMERON: We've given
21 them permission for them to discontinue racing
22 for that day. Weather mostly would be the
23 reasons that we have the ability to make the
24 call. We've done this on many, many occasions

1 over the last few years with Mr. O'Toole. So,
2 that we do have the authority to do.

3 CHAIRMAN CROSBY: But our authority
4 has changed under the 105 days, right?

5 MS. BLUE: Yes. There's authority
6 under 128A. And we had a legislative change
7 last year when we reduced the number days. We
8 would want to look at the changes to 128A in
9 the context of 23K which sets out three very
10 specific numbers of days for the first three
11 years.

12 So, an emergency situation I think
13 would be one thing. But we would want to look
14 at the two pieces of legislation together.

15 CHAIRMAN CROSBY: The reason I'm
16 bringing it up is because I hear Mr. O'Toole
17 expressing concern about will there be enough
18 horses. And we don't want -- even if there's a
19 rule that says there's supposed to be 105 race
20 days, we don't to force you all into racing
21 your horses more than you think is really
22 right. And if there's a gray line and there is
23 no absolute rule, but we don't want to force
24 you over the edge to err on the side of forcing

1 them to run too often.

2 I at least, whatever our authority
3 is if we have any authority if we have any
4 flexibility, I would hope you'd be clear with
5 us if you felt like we felt like we were
6 hitting that sensitive area.

7 COMMISSIONER ZUNIGA: There is a
8 third element, not just a requirement and a
9 field or the number horses but the number of
10 days that you run because of the construction
11 schedule. It used to be more days a week and
12 now it's three or four days a week currently?

13 MR. O'TOOLE: Yes.

14 COMMISSIONER ZUNIGA: But I know
15 that factors into the field, but all of these
16 things are running -- are working together
17 towards making that determination, which is why
18 I understand that you're working on it.

19 MR. O'TOOLE: At this time, we are
20 prepared to do the 105. If it presents itself
21 that in the second week of May we are extremely
22 short, then I would actually come in and we
23 would probably plead that case that there
24 wouldn't be enough to fulfill or whatever. As

1 of right now, and we did discuss this amongst
2 ourselves, the horsemen feel confident that
3 they'll be able to meet that responsibility.
4 But if it presents itself it might not --

5 CHAIRMAN CROSBY: Since we took over
6 the Commission, the Racing Division, we've been
7 really concerned about improving the health and
8 welfare of the riders and the horses. And we
9 don't want to distract --

10 MR. O'TOOLE: I appreciate that
11 sentiment.

12 CHAIRMAN CROSBY: I just out of
13 curiosity, as the purse monies go up, do you
14 expect to be attracting more horses from out of
15 state? Is that in your calculations yet?

16 COMMISSIONER ZUNIGA: That's the
17 theory behind the Horse Race Development Fund.

18 MR. ABDELNOUR: Exactly. And to
19 answer your question simply, and I'm reluctant
20 to use this phrase, but I'm going to, money
21 talks.

22 CHAIRMAN CROSBY: I never knew that.

23 MR. ABDELNOUR: When we begin to
24 receive funds from the Race Horse Development,

1 obviously it's more money than we've had in our
2 past, I would assume that horsemen generally
3 gravitate to where the money is. And I think
4 we're going to put up a good product. We're
5 going to attract better horses, better drivers,
6 better stables.

7 So, I think that that will speak for
8 itself. When the money is there, they will
9 come.

10 COMMISSIONER MCHUGH: I think this
11 is another opportunity for us, and I hope we
12 take advantage of that opportunity to test that
13 hypothesis with evidence. Because there is
14 suggestion in the accounts that I've read that
15 that is not so. That it has collateral
16 consequences, not on the standardbred side but
17 on the thoroughbred side that are antithetical
18 to that expectation.

19 I don't know how we do it, but I
20 would hope we would be able to put together
21 some kind of a plan that it probably wouldn't
22 be that difficult to measure that and see
23 whether that's so.

24 COMMISSIONER STEBBINS: I would

1 assume we'd see an uptick in license
2 applications coming in.

3 DR. LIGHTBAUM: I assume that.

4 COMMISSIONER ZUNIGA: I was going to
5 get to this on the racing report, but I would
6 be curious as to what the purses have done
7 since the ones we have in our packet or will do
8 this year.

9 COMMISSIONER MCHUGH: Yes.

10 COMMISSIONER ZUNIGA: The handle,
11 etc.

12 COMMISSIONER MCHUGH: I'm not sure
13 it's simply numbers. That's why I raise the
14 question. I would be interested to see if over
15 time there's not only numbers but a decrease in
16 time, faster horses. I think it's really an
17 interesting thing, and we have an opportunity
18 to test it.

19 MR. ABDELNOUR: If I could just add
20 one thing on the same line that you are
21 concerned about and that is -- and I only speak
22 for standardbreds, I can't speak for the
23 thoroughbreds. I'm sure they have plenty of
24 people to speak there. If you look at all of

1 the other racetracks that have expanded gaming,
2 you can't get in Yonkers. You can't get in
3 Pennsylvania.

4 And if you do, you're lucky to race
5 once every two weeks, which indicates that
6 there are plenty of horses and plenty of
7 stables. And everything across the board is
8 increased, the number of horses, the number of
9 drivers, the handle, the number of days.

10 It has shown in the past history, if
11 history has anything to do with it, then we
12 expect it will increase and the handle will
13 increase, the product will increase. I expect
14 and we expect that that will happen over due
15 time. It's not going to happen this year, but
16 the pattern will be set. The stage will be
17 set. And we're hoping for that kind of results
18 like they did in other places.

19 MR. BOGIGIAN: If I may,
20 Commissioners. We are hopeful that the local
21 horse population will be upgraded by the
22 existing owners and trainers. I have been
23 holding back purchasing horses because of the
24 low purse structure.

1 And I'm prepared to invest more at a
2 better grade, higher-quality horses. So, yes,
3 there will be people coming in from the
4 outside, but my fervent hope is that the local
5 horsemen such as myself, I'm now seeing the
6 light and can enjoy the benefits of improved
7 purses. So, I fully intend God willing to
8 upgrade my stock. And I know there are other
9 owners and trainers who feel the same.

10 COMMISSIONER CAMERON: If you could,
11 Mr. O'Toole, I know that this year that purses
12 will increase slightly but not to a great
13 degree. But I know that we discussed several
14 years out. And you do have some idea of where
15 those will go.

16 Could you quickly just kind of
17 recount this year, next year, the year after,
18 just your assessments?

19 MR. O'TOOLE: Just off the top of my
20 head, and this was actually done on the back of
21 a napkin with Billy because he asked me the
22 same question. Obviously, at the last meeting
23 you approved about \$2 million, I guess, for the
24 purse account. There is some repayment that we

1 put up for the purse account last year.

2 But all said and done, once the
3 contributions from the slot operations goes
4 into the Race Horse Development Fund and that
5 gets sent back to the purse account, it looks
6 like it will probably be somewhere in the range
7 between four and \$5 million this year.

8 Four and \$5 million this year would
9 mean that there would be about \$3 million more
10 than last year's purse account, which Penn
11 National contributed over \$800,000 overpayment.
12 So, it's a considerable amount of money by the
13 end of the season that they would be able to
14 race for.

15 What happens though kind of
16 adversely in that we raced 80 days last year.
17 So, we are doing another 25 days this year.
18 So, even though the purse account is greater,
19 it's still a number that shrinks a little bit
20 because of the added days.

21 But still on a whole, it will still
22 be a lot more opportunities and a lot more
23 money for the horsemen to race for.

24 And I wanted to make the same point

1 that Mr. Bogigian made that I look forward to
2 this year getting some revenue into the local
3 horsemen's pockets and let them ramp up before
4 the influx of outside stables or other people
5 from other states come in.

6 We're not going to discourage that
7 if we need the horses. But at the same time, I
8 look forward to seeing the people that have
9 been here for a while to start to advance and
10 start to increase the size of their stables and
11 their stock.

12 MR. ABDELNOUR: Could I just add one
13 other thing, last year the United States
14 Trotting Association promoted a Back to the
15 Track day. And all of the harness tracks in
16 the United States participated. And they put
17 on events and they had all kinds of events for
18 not only adults but for children, face painting
19 and games. And just to attract people to show
20 them basically what we do and how much fun it
21 can really be.

22 Hoof Beats, which is our magazine
23 that is about harness racing did a big article
24 on it. In the entire country, the top three

1 promotions and presentations that they put on,
2 two of them of the top three, number two and
3 number three were from Plainridge Racecourse.
4 That's amazing when you think about it.

5 We're talking about the Meadowlands
6 and Yonkers and the crème de la crème of
7 harness racing. And we finished second and
8 third respectively, held the second and third
9 categories. That's really exciting.

10 And we had standing room only that
11 day. It was a great promotion. Plainridge did
12 an amazing job. We had memorabilia from the
13 Hamiltonian winner, which is one of our local
14 horses - and owners Mr. Ross and Mr. Fontaine
15 and Campbell, they brought all of their
16 trophies and plaques and pictures. People were
17 amazed by it.

18 Among other things were the things
19 for the kids. And families came with their
20 kids including my own grandchildren. They got
21 to enjoy all of the festivities and things not
22 to mention pretty good horse racing.

23 So, we finished in the top three
24 throughout the country. We finished in second

1 and third in those categories as far as the
2 best promotions put on. And they did a nice
3 write-up in Hoof Beats magazine which goes out
4 throughout the whole country and beyond. So,
5 we're pretty proud of that and kudos to
6 Plainridge for putting it together.

7 COMMISSIONER MCHUGH: Great, thank
8 you. Now I understand. I went through the
9 Back to the Track promotion backup and I
10 understand what happened with the guerrilla
11 costumes.

12 CHAIRMAN CROSBY: I was going
13 through the receipts and saw the face painting
14 and I thought that's a strange name for a
15 horse. We need a motion, I believe,
16 Commissioner Cameron.

17 COMMISSIONER CAMERON: I think this
18 is a prudent request. And the safety of the
19 horses is certainly a concern. I know that it
20 is of you too. So, at this time I move that we
21 approve the request by Plainridge Park Casino
22 Harness Racing to move the opening to April 15
23 and suspend racing on the 1, 2, 6, 8, 9 and 12
24 to be made up later in the season.

1 CHAIRMAN CROSBY: Second?

2 COMMISSIONER STEBBINS: Second.

3 CHAIRMAN CROSBY: Any discussion?

4 All in favor, aye.

5 COMMISSIONER MCHUGH: Aye.

6 COMMISSIONER CAMERON: Aye.

7 COMMISSIONER ZUNIGA: Aye.

8 COMMISSIONER STEBBINS: Aye.

9 CHAIRMAN CROSBY: Opposed? The ayes
10 have it unanimously. Thank you. What's next?

11 DR. LIGHTBAUM: Doug O'Donnell is
12 going to go over promotional funds next.

13 MR. O'DONNELL: Good afternoon,
14 Commissioners. What you have in front of you
15 is an RFR for the Plainridge Promotional Trust
16 Fund. There are two requests there. And
17 they're in accordance with the General Laws of
18 Chapter 128A, the trustees, the Chairman and
19 the Commission, may expand without
20 appropriation all or any part of the
21 promotional trust to the appropriate track,
22 licensee in proportion to the amount deposited
23 in each fund.

24 Currently as of today, we have a

1 balance of \$43,861 in the Plainridge
2 Promotional Trust Fund. There are two requests
3 here. The first one being the radio
4 advertising campaign. The dates for that were
5 12/31/13 through 3/20/14. And that was an ad
6 campaign totaling \$14,782.50 of which you will
7 have the backup in your packet from the events
8 on the radio.

9 The other request in there is what
10 they had mentioned earlier was the Back to the
11 Track promotion, which was dated on August 23
12 and August 24. This was done at the track.
13 And as you know with the gorilla costumes and
14 face painting and all of that that the receipts
15 are in here.

16 I had gone over all of these
17 receipts. I had met with Mr. O'Toole, the
18 general manager, regarding all of the
19 expenditures. And they matched up. We were in
20 agreement with that.

21 And we do need your approval, the
22 trustees' approval on these two requests for
23 these promotional requests.

24 CHAIRMAN CROSBY: Where does the

1 money for this trust fund come from?

2 MR. O'DONNELL: It's the Promotional
3 Trust Fund, which is the harness signals that
4 are coming in that go into the different trusts
5 that we have being the capital fund -- We have
6 three, the capital fund, the promotional --

7 CHAIRMAN CROSBY: Incoming signals?

8 MR. O'DONNELL: Yes. There are
9 three trust funds, the Racing Stabilization
10 Fund, the cap. fund and the promo. fund. The
11 thoroughbreds have their own cap. and promo
12 fund as do the harness.

13 CHAIRMAN CROSBY: Okay.

14 COMMISSIONER STEBBINS: It's money
15 that comes to them to us, back to them.

16 MR. O'DONNELL: It's their money.
17 It's monies that we actually hold for the
18 tracks for the purpose of them doing a
19 promotion and capital improvements. So, we
20 make sure that Mr. O'Toole will get his gorilla
21 costume and bring promotion to the tracks.

22 CHAIRMAN CROSBY: Okay.

23 COMMISSIONER CAMERON: Mr.
24 O'Donnell, you obviously have taken a look at

1 all of the receipts and expenditures. And they
2 are in keeping with what the account is for,
3 correct?

4 MR. O'DONNELL: Yes. They all match
5 up and they are earmarked for the promotion
6 fund. There are two requests in there. Mr.
7 O'Toole had submitted these on January 9 of
8 this year. And we've had a chance to
9 everything and everything is tied out.

10 COMMISSIONER CAMERON: I believe
11 we've approved these in the past. And this is
12 appropriate and I think we should approve it.

13 CHAIRMAN CROSBY: Commissioner
14 Cameron.

15 COMMISSIONER CAMERON: So, I move
16 that we approve the request from Plainridge
17 Racecourse to utilize the Promotional Trust
18 Fund monies in the manners outlined here for a
19 total request of \$22,651.81.

20 CHAIRMAN CROSBY: Second?

21 COMMISSIONER ZUNIGA: Second.

22 CHAIRMAN CROSBY: Further
23 discussion? All in favor, aye.

24 COMMISSIONER MCHUGH: Aye.

1 COMMISSIONER CAMERON: Aye.

2 COMMISSIONER ZUNIGA: Aye.

3 COMMISSIONER STEBBINS: Aye.

4 CHAIRMAN CROSBY: Opposed? The ayes
5 have it unanimously. Well prepared.

6 DR. LIGHTBAUM: Next on the agenda
7 is the annual report from 2013. Carol Malcolm
8 and Doug O'Donnell will talk to you about that.

9 MR. O'DONNELL: What you have in
10 front of you is the first annual report of the
11 Racing Division of the Massachusetts Gaming
12 Commission. It hasn't changed in 88 years
13 until this year. The first one came out in
14 1935, which we do have in our archives as well.

15 CHAIRMAN CROSBY: All 85?

16 MR. O'DONNELL: The first one, which
17 is pretty interesting. It's a little
18 different, different than this that's for sure.

19 What we wanted to do is just go over
20 some of the highlights. We did do the same
21 format that we have used in the past. To begin
22 with we have, if you go to page three, the
23 introduction and the mission statement from the
24 Commission. Moving forward from that we took

1 the liberty of putting the Chairman and the
2 Commissioners in here with their pictures,
3 which Commissioner Stebbins is quite pleased
4 with, as well as a summary with the executive
5 staff.

6 Moving on page 12 and 13, we put
7 information in there on the enacted legislation
8 Chapter 123 and Chapter 167, which were
9 approved in November 2013.

10 Moving onto page 14, we have the
11 administrative staff of the Division of Racing.
12 Then we put information in there on the
13 specific tracks with some statistics on there
14 they have in the 2013 racing season.

15 We did put a story in there about
16 Plainridge, a wrap up, some of the highlights
17 that they had that they had spoken about
18 earlier with the Hamiltonian.

19 COMMISSIONER MCHUGH: Is that the
20 first Hamiltonian winner from Massachusetts do
21 you know?

22 DR. LIGHTBAUM: That's a good
23 question. I'm not sure.

24 CHAIRMAN CROSBY: Mr. Carney said

1 yes.

2 DR. LIGHTBAUM: Thank you.

3 COMMISSIONER MCHUGH: That was very
4 exciting.

5 MR. O'DONNELL: Then moving onto the
6 licensing procedure, Carol may be able to
7 enlighten you on that.

8 MS. MALCOLM: Yes. We had 2478
9 applications were processed in 2013. And
10 licensing fees we took in \$69,525 and upon the
11 badge fees was \$7810. On page 21 you should
12 have a breakdown of the occupational categories
13 that we took in and the fees for each one.

14 MR. O'DONNELL: Then following page
15 22 are basically the safeguards that we have
16 with the pari-mutuels with the auditors and the
17 processes as to how we do receive our numbers
18 from a tote and submit them.

19 On page 24, it is a report from the
20 Massachusetts State Police Investigative Unit.
21 Sergeant Scanlon has provided us with this
22 report, which states how many stable
23 inspections were done. We had 21 ejections in
24 2013, 61 investigations, seven arrests. And

1 this coincides with the 2015 background checks
2 that were done.

3 Next on the report is the laboratory
4 services. For the first time in the history of
5 Massachusetts racing, we have contracted out
6 these services as opposed to having our own
7 Massachusetts lab. With Truesdale
8 Laboratories, they're based out in Tuscany,
9 California. And we have had great success with
10 them. There haven't been any issues. Things
11 have worked well with them.

12 COMMISSIONER CAMERON: Dr.
13 Lightbaum, I know this was a really hard thing
14 to do, close out lab and outsource. But would
15 you agree that this has worked well?

16 DR. LIGHTBAUM: It has worked well.
17 They had some of the accreditations when we
18 first contracted with them in 2013. And then
19 this past year they also got the RMTTC
20 accreditation. So, they are fully accredited
21 now with all of the organizations that are
22 recommend that the labs be accredited with.

23 COMMISSIONER CAMERON: And the
24 systems, safeguards, the results all speak to

1 the efficiency and effectiveness of
2 outsourcing?

3 DR. LIGHTBAUM: Yes. It's worked
4 out very well. We haven't had any glitches
5 with sending our samples there and them
6 receiving them, the chain of evidence, custody
7 and all of that.

8 COMMISSIONER MCHUGH: Great.

9 COMMISSIONER CAMERON: Thank you.

10 MS. MALCOLM: Then we move on to the
11 stewards' and judges' rulings. We had a total
12 of 137 rulings in 2013, 68 from Suffolk Downs
13 and 69 from Plainridge.

14 COMMISSIONER CAMERON: I think the
15 other thing of note, if I can just go back to
16 the laboratory services for a moment, only five
17 samples returned with overage, three samples.
18 So, we're talking about a very low amount of
19 violations. And it speaks to the integrity of
20 those involved out of Plainridge.

21 DR. LIGHTBAUM: The results that we
22 did get back from the lab were overages of
23 therapeutic medications. So, we didn't get any
24 positives for drugs that have no reason to be

1 in a horse that you would think of as being
2 used to influence a race. So, that was very
3 positive.

4 MR. O'DONNELL: Racing Division
5 financials, the business of racing is done on a
6 calendar-year basis. But due to the fact that
7 the Commonwealth's budget is on fiscal year, we
8 always put in the receipts and expenditures for
9 that fiscal year.

10 What we also do is do a comparison
11 of calendar years 2013 to 2012 based on the
12 program revenues and expenses. This year we
13 had total revenues of \$3,000,264,795 which is
14 down 6.8 percent from the prior year.

15 COMMISSIONER MCHUGH: Down how much,
16 Doug?

17 MR. O'DONNELL: It was down 6.8
18 percent. And then we had our operating
19 expenses of \$1,725,035, which was up
20 approximately 13 percent. The reason for that
21 is we had some additional expenses with KPMG,
22 which we did an audit to the tune of
23 approximately \$100,000 and then the removal of
24 a lot of the lab drugs and whatnot. That was

1 an additional expense for us. So, I think that
2 makes up the difference there.

3 Along with that we still contributed
4 to the Eighth Pole, which is the health and
5 welfare of the backstretch workers. We also
6 provided economic assistance and contributed
7 monies to compulsive gamblers Department of
8 Health.

9 CHAIRMAN CROSBY: So, we operated at
10 a three or \$400,000 deficit?

11 MR. O'DONNELL: Yes. It was
12 \$335,000, which included the additional
13 programs that we contributed to.

14 CHAIRMAN CROSBY: Right. That came
15 out of our cash reserves.

16 MR. O'TOOLE: Yes. Moving forward
17 Racing Commission business, this is general
18 information about the regulation of the horse
19 racing industry. Moving on if you go to page
20 38 this is an addition this year, the racing
21 terminology for the general public. We just
22 put additional information in there regarding
23 outs, breakage, purses, simulcasting and
24 handles.

1 The following page 39 gives a
2 comparison of handles 2011, '12 and '13 which
3 total handles this year from last year went
4 down 9.4 percent. That's total handles.

5 COMMISSIONER ZUNIGA: When you say
6 this year that's 2013.

7 MR. O'DONNELL: 2013, yes.

8 COMMISSIONER ZUNIGA: Do you have a
9 sense as total handle for 2014 yet?

10 MR. O'DONNELL: We were down, I want
11 to say, it was about eight percent. It's right
12 in that same ballpark. That's kind of been the
13 trend over the years.

14 DR. LIGHTBAUM: Usually we figure
15 about an eight percent drop each year. It
16 might be different now.

17 COMMISSIONER ZUNIGA: Yes, it might
18 pick up.

19 DR. LIGHTBAUM: Hopefully, it will
20 go up.

21 COMMISSIONER MCHUGH: If I'm reading
22 this correctly, the total handle this \$277
23 million.

24 MR. O'DONNELL: Correct.

1 COMMISSIONER MCHUGH: I'm not sure
2 how many people realize how much money there is
3 running through a track. Of that 270 was from
4 the import and export of simulcast.

5 MR. O'DONNELL: Correct.

6 COMMISSIONER MCHUGH: And the live
7 handle is about 7.5.

8 MR. O'DONNELL: A very small
9 percentage, yes.

10 COMMISSIONER MCHUGH: So, this is an
11 industry that's generating a tremendous amount
12 of money, a very small part of which is the
13 live attendance. That's true nationwide, isn't
14 it?

15 DR. LIGHTBAUM: Yes, it is.

16 MR. O'DONNELL: Industry-standard.

17 COMMISSIONER MCHUGH: So, there was
18 an interesting article that was circulated
19 through the Commission a while ago about this
20 subject. But nobody -- nobody is an
21 overstatement. Few people going to the track,
22 many people are betting on racing at the track.
23 That's a fair statement?

24 DR. LIGHTBAUM: Yes.

1 COMMISSIONER MCHUGH: There is a
2 significant amount of betting that now is
3 taking place not only in simulcast parlors like
4 we have at Plainridge and at Suffolk Downs but
5 also on mobile devices, right?

6 MR. O'DONNELL: That's correct.
7 That's through the ADW's, which are TBG, Twin
8 Spires and Express Bets that we have affiliated
9 with Suffolk.

10 MS. MALCOLM: But there are numerous
11 ones throughout the country.

12 COMMISSIONER MCHUGH: Numerous
13 other ADWs?

14 MS. MALCOLM: Yes. They take the
15 products from Massachusetts, the live racing to
16 their customers.

17 The whole industry a few years ago
18 decided that things were going south and they
19 wanted to increase it. So, they thought it
20 would be to bring the product to the consumer.
21 And this is where all this started.

22 Now they want them to come back the
23 track. So, they are trying to get different
24 programs. Some have even put in Wi-Fi networks

1 that they can sit at their seat at the
2 racetrack and bet without having to get up from
3 their seat and go to a window.

4 The Wi-Fi network just encompasses
5 the grounds of the racetrack. So, these are
6 all efforts to bring the people back after 10
7 years ago of trying to bring the product to
8 them.

9 COMMISSIONER MCHUGH: So, they can
10 sit at their seat and bet on --

11 MS. MALCOLM: -- at some racetracks.

12 COMMISSIONER MCHUGH: -- at some
13 tracks on the live races that's going on there.
14 And between races, they can use the same device
15 to bet on tracks in California.

16 MS. MALCOLM: Exactly.

17 COMMISSIONER MCHUGH: Fascinating.

18 COMMISSIONER STEBBINS: What
19 constituted the big spike in 2011 to 2012?

20 MR. O'DONNELL: We had an increase
21 in race days during that time. A lot of it has
22 to do -- some things may have to do with the
23 weather as well and the amount of dark days we
24 could have. This year is starting off slow

1 because you've got a number of closed days due
2 to the weather.

3 COMMISSIONER CAMERON: I had a
4 question for Dr. Lightbaum. If you go to page
5 30, I'm looking at the appeals. Do you recall
6 -- I'm looking at 2013. There were only 16
7 hearings before the board of judges and
8 stewards, which is significantly lower than in
9 the three years before that.

10 Do you have a recollection of why
11 that was? I am trying to remember and I don't.

12 DR. LIGHTBAUM: I'm not sure.
13 Occasionally, there may be a rule that for some
14 reason it's been altered or they are enforcing
15 it differently. That may lead to an increase
16 one year over another year. So, I'm not sure
17 if it's something to do with that. I don't
18 remember off the top of my head what it was.
19 It might have been something like that.

20 COMMISSIONER CAMERON: Thank you.

21 CHAIRMAN CROSBY: Anyone else? Are
22 you finished?

23 MR. O'DONNELL: Not yet. Trying to
24 get rid of me?

1 CHAIRMAN CROSBY: Sorry.

2 MR. O'DONNELL: A few other things
3 here. On page 40, we did a handle calendar
4 year comparison of 2012 and '13. Total
5 revenues were down 7.14 percent. We always do
6 an analysis of purses paid compared to the
7 minimum statutory requirements on page 41.
8 This is done for the prior year, because you
9 need to get the outs monies in as well as
10 information from the tracks.

11 Bottom line, this would be for 2012
12 purses paid. Plainridge paid an additional
13 \$78,187 over and above their requirement. And
14 Suffolk paid an additional \$1,567,845 over and
15 above their required purse agreements, which in
16 all of the years that has been somewhat
17 standard. There's always been an overage paid.

18 Then moving onto page 42, we did
19 financial reports on the individual tracks.
20 Suffolk they were down 4.7 percent on total
21 revenues from the prior year. The following
22 pages you'll see are our financial racing
23 system summary pages, which we are moving
24 forward with and doing away with with the new

1 CHRIMS system we have in place. It shows the
2 capital improvement trust funds for that
3 specific year as well as the promotional trust
4 funds, what is in the accounts.

5 Moving on to Plainridge, it was down
6 7.7 percent from 2012 to 2013. Again, the
7 promotional, capital trust funds. On page 53
8 we just put some information in there regarding
9 greyhound racing. It was abolished at the end
10 of 2009 and how it continues to simulcast.

11 Page 53 Raynham total revenues from
12 2012 to '13 were down 5.2 percent. And
13 Wonderland was down 8.1 percent from the prior
14 year.

15 COMMISSIONER CAMERON: Mr.
16 O'Donnell, are we prepared to run CHRIMS
17 standalone this year?

18 MR. O'DONNELL: We have been, yes.
19 We have been looking at it. There are other
20 options that we are entertaining regarding that
21 as well. We have been up and running with
22 CHRIMS as I mentioned in the past. There are a
23 few glitches in the system that we are still
24 working on but we have been using that system

1 for our billing periods thus far this year.

2 COMMISSIONER CAMERON: But there are
3 others we are looking at?

4 MR. O'DONNELL: Yes. We have a
5 contract with CHRIMS through the end of the
6 fiscal year.

7 COMMISSIONER CAMERON: Thank you.

8 CHAIRMAN CROSBY: Is that it?

9 MR. DAY: One more time, I want to
10 congratulate Alex.

11 DR. LIGHTBAUM: Thank you very much
12 for the opportunity. I appreciate it.

13 MR. DAY: Welcome Doug and Carol, I
14 believe this is your first time to come before
15 the Commission?

16 MS. MALCOLM: My maiden voyage.

17 CHAIRMAN CROSBY: Well done.

18 COMMISSIONER MCHUGH: Well done.

19 COMMISSIONER CAMERON: The report
20 looks great, Doug. The formatting is much
21 cleaner and nicer and easy-to-follow. So,
22 thank you for all of the work.

23 COMMISSIONER MCHUGH: Great job.

24 CHAIRMAN CROSBY: Looking back, you

1 all know with the earlier director's help, you
2 made a huge difference in the race horsing
3 business and regulation. It's a very, very
4 changed environment. Not very many people know
5 what all you guys have done. But it's pretty
6 extraordinary and it's appreciated.

7 COMMISSIONER ZUNIGA: I agree.
8 There's a lot of great work that has gone into
9 this and a lot of detail behind the scenes, if
10 you will.

11 I just wanted to mention something
12 as food for thought. If there's ways next year
13 to be able to report a little earlier, I would
14 look forward to that opportunity. I know
15 there's a difference between the fiscal year
16 and the calendar year and that's always a
17 challenge. How many of these numbers get paid
18 the following year that there's a rolling
19 basis, etc. But I would encourage us all to
20 think about having this report come a little
21 sooner.

22 MS. MALCOLM: We're targeting May 30
23 this year for the 2014.

24 COMMISSIONER ZUNIGA: Then you're

1 one step ahead of me.

2 MR. DAY: And the schedule so far is
3 that they're looking at the spring probably
4 around April for 2015.

5 COMMISSIONER ZUNIGA: Excellent.

6 MR. O'DONNELL: We have to wait
7 until April to get some of the reports in. So,
8 once we get those we can move forward.

9 COMMISSIONER ZUNIGA: I understand.
10 And I know also I mentioned about behind the
11 scenes like systems like operating from the FRS
12 to the CHRIMS, etc. that's what helps us to do
13 that. Now you have a new target date, but
14 thank you.

15 CHAIRMAN CROSBY: I thought you said
16 you adapted to our fiscal year.

17 MR. O'DONNELL: No, it's still run
18 on a calendar year basis. In one of the
19 reports that I had mentioned, I don't know what
20 page, we have always put in the fiscal year
21 numbers.

22 COMMISSIONER ZUNIGA: It's only one
23 exhibit.

24 CHAIRMAN CROSBY: Just that one

1 exhibit, okay.

2 MR. O'DONNELL: But everything else
3 is done on a calendar. The racing season goes
4 through our fiscal year.

5 CHAIRMAN CROSBY: Makes sense.

6 DR. LIGHTBAUM: And we figured for
7 2014 we'd stick with the calendar year. And
8 then maybe for the 2015 we'll discuss whether
9 we want to make a change at that point.

10 CHAIRMAN CROSBY: I don't see any
11 reason to.

12 COMMISSIONER CAMERON: Thank you
13 all.

14 MR. DAY: I think they'd be relieved
15 to keep it on a calendar year.

16 DR. LIGHTBAUM: We would.

17 MR. DAY: Do you need a vote to
18 accept the report?

19 CHAIRMAN CROSBY: It says vote on
20 the agenda. I don't know if we do or not.

21 MS. BLUE: Yes.

22 CHAIRMAN CROSBY: We do?

23 MS. BLUE: Yes, please.

24 CHAIRMAN CROSBY: Commissioner

1 Cameron, do you want to --

2 COMMISSIONER CAMERON: To accept the
3 annual report, is that what we're voting on?

4 CHAIRMAN CROSBY: Yes.

5 COMMISSIONER CAMERON: I'm sorry. I
6 move that we accept the 2013 annual racing
7 report of the Racing Division of the Gaming
8 Commission.

9 COMMISSIONER STEBBINS: Second.

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

12 COMMISSIONER MCHUGH: Aye.

13 COMMISSIONER CAMERON: Aye.

14 COMMISSIONER ZUNIGA: Aye.

15 COMMISSIONER STEBBINS: Aye.

16 CHAIRMAN CROSBY: Opposed? The ayes
17 have it unanimously. Next up, item number 7,
18 legal division, General Counsel Blue. We are
19 ready when you are.

20 MS. BLUE: Good afternoon,
21 Commissioners. You have in your package today
22 a memo and the regulations outlining the
23 hearing process.

24 As we've discussed earlier, the

1 Commission wants a fair and transparent hearing
2 process, because under Chapter 23K under
3 Chapter 128A and 128C there are many rulings
4 and other matters that are issued by the
5 Commission and the judges and the stewards that
6 can be appealed and they have to be considered
7 through the hearing officer level and up to the
8 Commission.

9 So, what we've tried to do is put
10 together a process that allows those certain
11 matters that come either from the Commission or
12 from the IEB and then the judges and stewards
13 to be appealed through to a hearing officer
14 with a fair and appropriate review.

15 And then upon a decision of the
16 hearing officer, to have that decision appealed
17 up to the Commission if they so choose. After
18 that certain matters, depending on what they
19 are could be appealed into the court system.

20 So, what we have put together is a
21 set of regulations that sets up a hearing
22 office function in the General Counsel's
23 office. It consists of a clerk who will be the
24 person who accepts all of the filings on behalf

1 of the petitioners.

2 There will be a hearing officer who
3 hears matters both regarding to racing and to
4 gaming. There's requirements for certain
5 levels of motions, certain kinds of hearings
6 for briefs, for time extensions, all of the
7 normal kinds of things that you would have in a
8 hearing process.

9 What we've done here is we have a
10 hearing regulation. It's 205 CMR 101. It
11 generally just talks about the kinds of
12 hearings that we've held for suitability. This
13 will be an amendment to that regulation. It's
14 much longer and much more detailed.

15 It plays a lot off of the general
16 hearing rules on 801 CMR that the Commonwealth
17 follows but with some modifications that we
18 think make more sense for what we do.

19 So, what we're asking the Commission
20 to do today is to approve the draft regulations
21 to move forward in the formal process. We'll
22 schedule the comment periods and the hearing.
23 And we will take comments on this regulation
24 and then bring them back to you for final

1 approval and promulgation.

2 COMMISSIONER MCHUGH: I've looked
3 carefully at these regulations. You'll recall
4 when we started some time ago, one of the
5 things that we talked about was setting up a
6 mechanism for having hearings within the agency
7 that the agency paid for but that were
8 independent of the agency functions, Commission
9 functions so that people could have confidence
10 in the neutrality of the individuals who have
11 decided to testify.

12 And General Counsel Blue has now
13 created a mechanism for doing that. The
14 overall process tracks a judicial process.
15 Papers are filed with a clerk, a designated
16 person. That person keeps a docket so we know
17 where all of the papers are, when they were
18 filed, who filed them. And there's a record of
19 every paper that was filed in every case.

20 The hearing examiner is typically
21 not going to be an employee of the Commission
22 although that is possible from time to time.
23 But typically it will be an outside person. We
24 have one now who is performing that function.

1 And all contested matters including departures
2 from normal timelines are decided by that
3 person.

4 The clerk acts as a go-between so
5 that that person is designated so the
6 individuals who were involved in proceedings
7 know who gets the papers, where they're
8 supposed to go, when they're supposed to get
9 there. And also who to call or write to in
10 order to get changes in timelines.

11 Then the process moves through in a
12 mechanism that's typical for all other hearings
13 by all other agencies. And appeals to the
14 Commission from those are handled in the same
15 way.

16 Appellate papers are filed with the
17 clerk. The clerk notifies, distributes the
18 papers so that everybody has the same papers.
19 The clerk takes care of requests for
20 continuances, extensions of time and brings
21 them to the hearing examiner. The appeal comes
22 before the Commission typically on paper, but
23 in particular cases the Commission can ask for
24 people to come and argue, not take evidence but

1 come and argue the position because those
2 appeals are decided on the record.

3 So, it sets up a very neat process.
4 It's a process that's used in other states for
5 the same kind of thing within the regulatory
6 body. It prevents us from having to send
7 hearings, factual hearings out to the Division
8 of Administrative Law Appeals which does this
9 for many agencies, and prevents us from having
10 to have a Commissioner sit there and listen to
11 them and then be disqualified from the appeal.

12 And I think it's a very thoughtful
13 and a straightforward, understandable mechanism
14 for assuring impartial hearings that both are
15 in fact impartial and have the appearance of
16 being impartial.

17 The one exception to the hearing
18 examiner rule is in matters involving a gaming
19 licensee. To grant a gaming license or to
20 revoke a gaming license or to do qualifications
21 for a variety of things come to us for an
22 adjudicatory hearing the way we've done in the
23 past.

24 But the clerk then will still play a

1 role I think in gathering the papers and making
2 sure everybody has the papers. So, I
3 enthusiastically endorse this process. And I
4 commend General Counsel Blue for setting it up
5 in the careful way she has.

6 CHAIRMAN CROSBY: Other comments?

7 COMMISSIONER CAMERON: Counsel Blue,
8 is this basically what Mr. Murray has been
9 doing only you've codified the entire process
10 obviously adding the clerk piece to this?

11 MS. BLUE: It is essentially.
12 There's a couple of things. As Commissioner
13 McHugh pointed out, we'll make very clear that
14 matters that deal with the suspension,
15 revocation, termination of a Category 1, a
16 Category 2 or a race meeting license fall with
17 the Commission as what we call original
18 jurisdiction with them. Also all suitability
19 matters come before the Commission.

20 But all the other matters that are
21 similar to the things that Hearing Officer
22 Murray has been dealing with on the racing side
23 plus things on the IEB side. For example,
24 civil administrative penalties that they may

1 issue or orders that the IEB may issue will
2 then follow a process very much like what we've
3 used in racing.

4 We've tightened up some of the
5 timeframes. We've given a little more clarity
6 on forms that you need to file, what kinds of
7 documents you need to file. We've talked a
8 little bit more about discovery and about
9 motions and what you can and can't do. And
10 clarified on appeal that the Commission will
11 take the appeals on the documents unless the
12 Commission asks for additional -- not testimony
13 but arguments by counsel.

14 So, it does track that. We've
15 learned a lot from that process over the last
16 two years. So, we took the good learnings we
17 got from it and tried to look at places where
18 we could tighten it up and then put it all into
19 a set of regs. that someone could look at and
20 easily understand and know what to do.

21 COMMISSIONER CAMERON: Thank you.

22 CHAIRMAN CROSBY: Anybody else? We
23 had talked recently about the timing to try to
24 figure out how to expedite the timing. But I

1 don't think that's covered in here. We talked
2 about some ideas about how -- I forget exactly
3 what you suggested, but sort of conditional
4 decisions or something.

5 Will that be followed up? Would
6 that be added to this? I think it still is
7 important trying to get these things resolved
8 for these licenses as quickly as we can.

9 MS. BLUE: We've added language in
10 here that allows them to request a stay and to
11 have the stay granted by the hearing officer.

12 CHAIRMAN CROSBY: So, you did add
13 that.

14 MS. BLUE: We did add that. That
15 was one a matter of great concern on the racing
16 side that people waited so long to get their
17 hearing that the season could potentially be
18 over. So, we do have a provision for a stay.

19 COMMISSIONER MCHUGH: We also have a
20 provision for shortening as well as lengthening
21 the time.

22 MS. BLUE: Yes. We put in language
23 for an accelerated hearing. So, we have a 30-
24 day window but if you request an accelerated

1 hearing, we can try to accommodate that too.

2 CHAIRMAN CROSBY: Great. Anything
3 else? Do we need an action here?

4 MS. BLUE: Both to move this into
5 the formal process.

6 CHAIRMAN CROSBY: You said the
7 formal?

8 MS. BLUE: Yes.

9 CHAIRMAN CROSBY: Commissioner
10 McHugh?

11 COMMISSIONER MCHUGH: Yes. I move
12 that the Commission authorize regulations
13 101.01 through 101.05 as they appear in draft
14 form in the meeting packet, authorize General
15 Counsel Blue to place those into the formal
16 regulation adoption process forthwith.

17 COMMISSIONER STEBBINS: Second.

18 CHAIRMAN CROSBY: Further
19 discussion? All in favor, aye.

20 COMMISSIONER MCHUGH: Aye.

21 COMMISSIONER CAMERON: Aye.

22 COMMISSIONER ZUNIGA: Aye.

23 COMMISSIONER STEBBINS: Aye.

24 CHAIRMAN CROSBY: Opposed? The ayes

1 have it unanimously.

2 MS. BLUE: Thank you.

3 COMMISSIONER CAMERON: Good work.

4 MS. BLUE: Next on our agenda is
5 consideration of the Section 61 findings for
6 the Springfield Gaming and Redevelopment. We
7 want to walk through this in sort of an orderly
8 fashion as we consider it and for the folks
9 that are listening to us at home.

10 Between 2013 -- To step back a bit.
11 In December, we brought before the Commission
12 draft Section 61 findings. Section 61 findings
13 are findings that the Commission makes as the
14 permitting agency under the MEPA statute.

15 Those findings are generally
16 included in the FEIR that gets approved through
17 the MEPA office. What the Commission does when
18 they create those findings is they incorporate
19 all of the information that addresses the
20 potential mitigation for average impacts on the
21 environment by the project.

22 When we approved the draft findings,
23 we filed them with the MEPA office. They were
24 published in the Environmental Register on

1 January 7. And we received no comments on
2 those.

3 So, now we're ready for the
4 Commission to look at those findings as final
5 and to consider them against the license and
6 the conditions in the Category 2 license. And
7 then vote to incorporate them into that
8 Category 2 license.

9 So, a little history on the
10 Plainridge project is probably helpful.
11 Between 2010 and 2013 there were several
12 environmental notifications or what we call
13 ENFs and draft EIRs filed with the Secretary of
14 Environmental Affairs regarding projects at the
15 site of the Plainridge Racecourse. These were
16 filed by the prior project proponent which was
17 Ourway Realty, LLC.

18 The appropriate review processes
19 took place and construction commenced under
20 those approvals. So, a good deal of the
21 construction that is ongoing now at Plainridge
22 was started by Ourway for a plan that they
23 proposed at that time.

24 In 2013, Ourway sold the project to

1 Springfield Gaming and Redevelopment. And
2 Springfield Gaming and Redevelopment assumed
3 Ourway's application for a Category 2 license.

4 Springfield Gaming and Redevelopment
5 filed their FEIR in November 2013. The project
6 was substantially similar to that project
7 proposed by Ourway. It included an increase in
8 the size of the main building a slight
9 increase, an increase in parking and the
10 addition of a photovoltaic system on the roof.

11 On December 27, 2013, the Secretary
12 of Environmental Affairs issued its certificate
13 on Springfield Gaming and Redevelopment's FEIR.
14 They found their FEIR to be suitable. Between
15 February 25 and 28, 2014 as part of the
16 Commission's evaluation of the competing
17 Category 2 applications, the Commission
18 exhaustively reviewed the impacts to the
19 environment and the proposed mitigation
20 associated with the proposed Springfield Gaming
21 and Redevelopment gaming establishment. The
22 Commission did this review in the context of
23 its review of all of the applications at that
24 time.

1 The Commission conducted this review
2 independently through its technical consultants
3 as part of the RFA-2 process. The Secretary's
4 certificate and the findings that were included
5 in that certificate were part of that review
6 because we had that certificate at the time of
7 your evaluation.

8 On February 28, 2014, the Commission
9 awarded a conditional one to Springfield Gaming
10 and Redevelopment for the Plainridge gaming
11 establishment. The license was conditioned
12 upon the receipt of all federal, state and
13 local permits required to construct and operate
14 the gaming establishment.

15 Springfield Gaming and
16 Redevelopment, LLC proposed in its FEIR a
17 series of different alterations to Route 1, a
18 state highway that provides access to the site.
19 One of which was a break and a redesign of a
20 concrete median that divided the north and
21 southbound lanes of Route 1. That break and
22 redesign provided Springfield Gaming and
23 Redevelopment's preferred access alternative.

24 The Secretary's certificate stated

1 that no further MEPA review was required and
2 effectively left the access decision to
3 MassDOT. It required Springfield Gaming and
4 Redevelopment to submit revised draft Section
5 61 findings prior to MassDOT's issuance of the
6 permit.

7 On October 7, 2014 MassDOT issued
8 its Section 61 findings and those findings
9 approved the access, which was the preferred
10 alternative.

11 The Commission then drafted its
12 Section 61 findings. We incorporated the
13 findings from MassDOT into our findings. The
14 Commission approved the draft Section 61
15 findings on December 18. And then like I said,
16 we filed them with the MEPA office who
17 published them in the Environmental Register.

18 The primary issue that was raised in
19 the FEIR was this question of access. And
20 MassDOT made its finding on that in its Section
21 61 findings. Again, it approved the preferred
22 alternate access, which is the median break in
23 Route 1.

24 MassDOT issued a permit for that

1 access and for the required construction on
2 February 6, 2015. Construction on the approved
3 access has not yet commenced but we would
4 expect it will commence shortly.

5 So, the Commission today is asked to
6 review the Section 61 findings, specifically
7 approve the findings and incorporate the
8 Section 61 findings into the Category 2 license
9 issued to Springfield Gaming and Redevelopment
10 particularly as conditions to their license.
11 So, if there are any questions.

12 COMMISSIONER MCHUGH: I may have
13 missed this but there were no -- And maybe you
14 said this. -- but there were no comments
15 received with respect to the draft findings
16 that we published in December; is that right?

17 MS. BLUE: That is right.

18 COMMISSIONER MCHUGH: A couple of
19 things about this. The Secretary certificate
20 on the FEIR -- If you back up, the Secretary's
21 certificate on the draft EIR, the DEIR, simply
22 singled out two elements, greenhouse gas
23 emissions and traffic. Everything else had
24 been satisfactory. That was the only thing she

1 required -- he required further information
2 about.

3 And as much as General Counsel Blue
4 has said of the construction that now is going
5 on was covered in FEIR, the MEPA proceedings
6 before this last one, and really the two issues
7 were the greenhouse gas emissions and the
8 traffic.

9 But it's important to understand
10 that after that certificate was issued and the
11 FEIR that dealt with those issues, it was after
12 that that the Commission had the licensing
13 hearing. And it was after that that the
14 Commission made its decision to license
15 Springfield Gaming for the Plainridge
16 Racetrack.

17 And you'll recall that at those
18 licensing hearings we spent an enormous amount
19 of time not only on traffic issues but on the
20 other environmental issues that even
21 environmental issues that were not covered and
22 dealt with in the environmental impact report.
23 We spent a lot of time although they had been
24 some of the earlier ones, we spent a lot of

1 time on the water runoff recycling process they
2 had. Where all of the water of the driveways
3 goes into the ponds and the sediment settles
4 out.

5 We spent an enormous amount of time
6 on the energy-efficient components of the
7 building. Some state-of-the-art things that
8 large photovoltaic farm on the roof.
9 Independently scored those issues reported with
10 the help of our outside consultants. And
11 concluded that those were state-of-the-art as
12 good as you find anywhere in the country
13 environmentally sensitive components of this
14 project.

15 What was left though at the end was
16 really a single issue that came out of that.
17 That is where the access to the Plainridge Park
18 would come from. There were two although
19 there've been a number of considerations that
20 were on the table at one point. At the end
21 there were really two. You may recall though
22 it was a while ago, they dealt with access from
23 Route 1, which in the vicinity of Plainridge is
24 a north-south state highway.

1 And there were two alternatives.
2 One was to have people coming southbound go
3 through what was known as a jug handle down to
4 an intersection and then come back into the
5 park. People going northbound to turn right
6 into the park. Or to create a new curb cut in
7 a concrete median and have southbound drivers
8 -- and widen the intersection and have
9 southbound drivers be able to take a left turn
10 across Route 1 into the Plainridge Park.

11 It was clear that we as a Commission
12 favored the latter because for a variety of
13 reasons not the least of which was the
14 environmental impact because you didn't have
15 cars idling as long in the highway. And you
16 didn't have as much traffic backup as you would
17 if you utilized the jug handle.

18 The DOT did not rule on that
19 initially. So, things moved forward without
20 that single issue being in play. Everything
21 else was resolved. And ultimately the DOT
22 authorized the curb cut, the median cut and
23 that's the way now this entrance is going to be
24 achieved.

1 So, these findings were possible
2 when that was decided because it closed the
3 loop on that single issue that was remaining.
4 And it I think is reflected and will be
5 reflected in the work that we did after the
6 FEIR certificate was issued. I think it is
7 reflected that this plan and the plan for
8 everything covered in these findings it is in
9 fact the embodiment of all feasible means and
10 measures that need to be taken to minimize or
11 avoid adverse environmental impacts. And
12 that's reflected I think amply in the record
13 you put in here.

14 CHAIRMAN CROSBY: Other comments?

15 COMMISSIONER ZUNIGA: There's little
16 to add after that.

17 COMMISSIONER CAMERON: A very
18 comprehensive summary.

19 CHAIRMAN CROSBY: Do you need --

20 MS. BLUE: So, what we would need is
21 a motion. Probably the easiest way to make the
22 motion is the findings paragraph on the very
23 last page of the Section 61 findings.

24 CHAIRMAN CROSBY: Commissioner?

1 COMMISSIONER MCHUGH: I would move
2 that the Commission embrace the final paragraph
3 and in so doing find that the environmental
4 impacts resulting from the proposed project,
5 those described in the final environmental
6 impact report on which the certificate issued
7 and further that it find that with
8 implementation of the mitigation measures
9 described in our findings, all feasible means
10 and measures will have been taken to avoid or
11 minimize adverse impacts to the environment
12 relating to the construction and operation of
13 the slots parlor at Plainridge Racecourse.

14 CHAIRMAN CROSBY: Second?

15 COMMISSIONER ZUNIGA: Second.

16 CHAIRMAN CROSBY: Further
17 discussion? All in favor, aye.

18 COMMISSIONER MCHUGH: Aye.

19 COMMISSIONER CAMERON: Aye.

20 COMMISSIONER ZUNIGA: Aye.

21 COMMISSIONER STEBBINS: Aye.

22 CHAIRMAN CROSBY: Opposed? The ayes
23 have it unanimously.

24 MR. DAY: Chairman Crosby, I

1 understand the Region C participants are here.

2 CHAIRMAN CROSBY: I was going to
3 move the Region C discussion up. But we're
4 practically at the end of your section. So,
5 why don't go ahead and finish up and we'll skip
6 to that.

7 MS. BLUE: So, just very briefly I
8 wanted to give you a quick update on where we
9 are with 205 CMR 129. This is the draft
10 transfer regulations.

11 As you recall, we put them through
12 an informal process in December. The
13 Commission voted to move them through the
14 formal process. We opened them up for comments
15 early in March but we've extended the comment
16 period through March 26.

17 We held the required statutory
18 hearing on March 12. We had a few people
19 attend but no comments submitted there. But we
20 have also worked with our licensees. We do
21 expect to get detailed comments that we know
22 will be very, very helpful. And we will be
23 coming back to the Commission probably in April
24 with those comments with revisions to the

1 regulation and more discussion on where we want
2 to go with that.

3 But I did want the Commission to
4 know that we are looking forward to comments
5 and we are also working closely with our
6 licensees on the issues that they've raised
7 with us.

8 CHAIRMAN CROSBY: We're in an
9 informal process, right? We're not in a formal
10 process.

11 MS. BLUE: No. We are in the formal
12 process. We've had our formal hearing but that
13 is not a bar to receiving further comments.

14 CHAIRMAN CROSBY: I thought we were
15 in the informal process not the formal.

16 COMMISSIONER ZUNIGA: Not only our
17 licensees but our consultants, it would be very
18 helpful. HLT is going to be very helpful in
19 helping us clarify which is ultimately what we
20 need to do relative to these comments and this
21 regulation.

22 CHAIRMAN CROSBY: Okay, great.

23 COMMISSIONER ZUNIGA: I look forward
24 to that.

1 MS. BLUE: Thank you.

2 CHAIRMAN CROSBY: Our next session
3 may take a while, so why don't we have a break.
4 When we come back, we'll go straight to Region
5 C.

6
7 (A recess was taken)

8
9 CHAIRMAN CROSBY: We are ready to
10 reconvene Commission meeting number 147 at
11 about 3:00. We are going to go to number 8(b)
12 for starters. Director of Investigation and
13 Enforcement Bureau, Karen Wells.

14 MS. WELLS: Good afternoon, Mr.
15 Chairman and members of the Commission. The
16 second item on the agenda for the IEB, which I
17 will address first at the Chair's direction, is
18 a status update for the Region C applications.

19 The applicant Mass. Gaming and
20 Entertainment has been deemed complete by the
21 IEB for purposes of moving forward with
22 investigation and we are proceeding. A
23 supplemental document request has gone out for
24 information to update the MGE suitability

1 finding, including information regarding the
2 landowner, the partner in the project.

3 So, that application is moving along
4 in due course. And I have no further comment
5 on that. I believe there is an attorney
6 present for Mass. Gaming and Entertainment,
7 which may address the request for a continuance
8 by the other applicants.

9 The applicant KG Urban received a
10 deficiency notice from the IEB on February 17,
11 2015 indicating that their application is not
12 administratively complete as they've not
13 identified and submitted the required forms for
14 an operator and the additional equity
15 contributors that the applicant had indicated
16 would be necessary to complete the project.

17 Subsequent to receipt of that
18 letter, KG has identified Foxwoods MA, LLC as
19 the operator for their project, but has not yet
20 identified the additional equity contributors.
21 Since the application was not complete,
22 although we met with the principles, we did not
23 do a scope of licensing analysis on the
24 proposed operator.

1 The applicant has submitted a
2 request for an extension of the March 16
3 deadline, which I believe you have received.

4 The applicant Crossroads, which is
5 partnering with the Somerset group received a
6 deficiency notice from the IEB on February 19,
7 2015 indicating their application was not
8 administratively complete as they had not
9 identified and submitted required forms for an
10 operator and the additional equity contributors
11 the applicant had indicated may be involved to
12 complete the project.

13 Subsequent to receipt of that
14 letter, Crossroads has identified an
15 individual, David Hanlon is the operator for
16 the project but has not yet identified
17 additional equity contributors. A preliminary
18 review of the forms which have been submitted
19 suggest that such additional equity
20 contributors will in fact be necessary.

21 The applicant has submitted a
22 request for an extension of the March 16
23 deadline, which I believe you have also
24 received.

1 So, that's the general status. And
2 I believe there are representatives from all
3 three applicants here today that wish to be
4 heard.

5 CHAIRMAN CROSBY: Is there a
6 sequence?

7 MS. WELLS: No. My recommendation
8 to the Commission is that we hear from the
9 attorney for Mass. Gaming and Entertainment.
10 If they want to be heard objecting to the
11 request for a continuance by the other
12 applicants, we would give that attorney that
13 opportunity, and then hear from KG Urban and
14 finally Crossroads.

15 CHAIRMAN CROSBY: Okay. Let's do it
16 in that order. So, we'll start with Mass.
17 Gaming and Entertainment.

18 MR. YUNITIS: Thank you, Mr.
19 Chairman, members of the Commission. I'm
20 Attorney Jack Units from Brockton,
21 Massachusetts and I'm here to represent Mr.
22 Carney and Mass. Gaming. I'm here to tell you
23 what the status is of our successes to date and
24 where we hope to be in the next 30 days.

1 We signed shortly after January 30
2 we commenced to negotiate with the city in
3 earnest about a host community agreement. The
4 agreement was signed. It was filed with the
5 city council. A request for an election day
6 was filed as well.

7 The city council unanimously
8 endorsed the agreement and set a date of May 12
9 for our election. This past week, we filed the
10 zoning bylaw after two weeks of working with
11 city officials, our urban planners and the city
12 planner. That will be referred out of city
13 council next Monday night. It will be referred
14 to the planning board. And it will be referred
15 as well out to the city council ordinance
16 committee. Hearings will ensue in early May on
17 those issues.

18 In addition to that the ENF will be
19 filed by Rush Street MGE on March 31. Since
20 this project has begun in Brockton, Rush Street
21 traffic engineers have been working regularly
22 with the Old Colony Planning Council of
23 Brockton to formulate traffic studies. As part
24 of our host community agreement, we agreed to

1 look at 24 different intersections with the
2 city officials as part of that process.

3 In addition to that in the host
4 community agreement, we agreed to pay the city
5 \$10 million a year as a base minimum, with
6 hotel/motel taxes and everything else
7 associated with the project to go to the city
8 as well. The total financial package will be
9 at least \$10.5 million to the city going
10 forward.

11 We have set up a number of public
12 hearings. The first week in April there'll be
13 two, one for the business community and one for
14 the public at-large. They are going to be led
15 by three city councilors including the city
16 council president.

17 We've put together an extremely
18 diverse group of supporters because this
19 project not only promises Brockton \$10.5
20 million a year, it promises Brockton 1500
21 sorely needed jobs. The diverse group is going
22 to work with us on the workforce development
23 meetings that were scheduled for May. They
24 will be providing translators. They will be

1 cosponsoring workforce development hearings.
2 They will be sending career counselors to those
3 meetings to work with Rush Street and all of us
4 in the process.

5 I just want to briefly talk about
6 the rules, because I know it's going to be an
7 awful tough decision for you. And I understand
8 that competition is important, but this isn't
9 competition between Brockton and New Bedford.

10 We consider New Bedford a sister
11 city. The idea of competition I think in the
12 gaming statute was about making sure that
13 communities got the best. They got the maximum
14 amount of investment. They got companies that
15 knew how to operate. And certainly they got a
16 financial team that could help support the
17 casinos in the communities in which they go.

18 Putting together the team that Mr.
19 Carney has assembled with Rush Street and with
20 Clairvest meets all of those standards. Rush
21 Street has agreed to invest \$650 million in
22 Brockton.

23 And I know that there's been talk
24 over the years that this bill was intended to

1 really help the Southcoast, New Bedford and
2 Fall River. And that's unfortunately been
3 Brockton's history. We often get overlooked.
4 We are in the shadow of Boston. And we are
5 crushed sometimes by that very reality.

6 Our employment history in Brockton,
7 our troubles in Brockton are no better than the
8 Southcoast. And we don't have the water. We
9 don't have the government that's invested
10 millions to keeping the harbors. What we have
11 really is what we can do on our own.

12 When I gave up my law practice in
13 1995, I didn't do it just to take a pay cut. I
14 do it because I believed in my city. When I
15 ran for mayor, I ran with a passion that
16 Brockton was worth fighting for. With the
17 help, quite frankly, of your Chairman the
18 Secretary of A & F, we were able to do an awful
19 lot in those 10 years that I was there.

20 We built five schools, a courthouse,
21 a stadium conference center and many, many more
22 things that helped Brockton turn around. We
23 had a tremendous resurgence. In fact, when I
24 left office Money Magazine had ranked us the

1 third fastest growing community in property
2 values in the country after Barnstable County
3 and Malibu Beach County in California. They
4 had gone up almost 300 percent.

5 What we didn't have to offer was a
6 plan that was sustainable in the future. And
7 when the recession hit, Brockton stumbled. And
8 it continues to stumble. This \$10.5 million to
9 Brockton is a godsend. The 1500 jobs in our
10 diverse community is huge.

11 Rush Street has agreed to not less
12 than 50 percent of their hires will come from
13 that diverse community. Our unions are excited
14 about this opportunity. This process will be
15 done by May 26 because we respect the rules.
16 And we counted back from May 26 because we
17 believe in the process.

18 Coming out of law, I know that if
19 you play with the rules of evidence you don't
20 have predictability, you don't accountability
21 and you don't have fairness in the process.

22 I don't envy your decision. And my
23 remarks are certainly not intended to be
24 directed at Somerset or New Bedford. But they

1 are being directed at the process. A process
2 we've invested in. We worked daily with state
3 officials and local authorities to make it
4 work. And we are ready to present in what we
5 know will be a very hot election a positive
6 vote yes campaign in Brockton.

7 I just urge you at this point to
8 consider that as probably one of the most
9 important things you can do. So far, I think
10 that this Commission be applauded because it
11 has been transparent because it has been fair
12 and because it has treated everybody with a
13 universal amount of respect.

14 In this particular case, we have
15 done everything right and we will continue to
16 do everything right because our partners
17 believe in doing it right. And our city
18 expects that we will do it right. And I ask
19 this Commission to please do it right. Respect
20 who we are. We will be ready on May 26 and we
21 will keep the process going.

22 Because in the end, the competition
23 isn't between Brockton, New Bedford or
24 Somerset. The competition is with other

1 casinos in New England. And we've assembled
2 the best team there can be. Even if the tribe
3 someday has the opportunity to build a casino,
4 we will survive. We have planned for it.
5 We're ready for it. Our business models can
6 handle it. I don't think any place else in
7 Southeastern Massachusetts can say that.

8 So, I urge you please to understand
9 what we are going through. Understand how hard
10 we tried to play by the rules and treat the
11 rules like rules not guidelines.

12 Thanks very much for your time and
13 your efforts in doing this for our
14 Commonwealth.

15 CHAIRMAN CROSBY: Questions,
16 anything from here? I was just going to say I
17 did enjoy working with the Mayor and also
18 having his son as a student of mine when I was
19 a Dean. None of that I think however will
20 affect to my objectivity in this process.

21 I don't know how I'm going to come
22 down on this but I would point out that Mass.
23 Gaming and Entertainment would not be a bidder
24 if we had not been flexible in our deadlines,

1 just for the record. Thank you very much.

2 MS. WELLS: Mr. Chairman, we also
3 have from KG Urban, I believe, Kevin Conroy the
4 attorney representing KG Urban but Barry Gosin,
5 and equity partner and principal, Jon Mitchell,
6 the mayor of the city of New Bedford and
7 Jonathan Silverstein, the attorney representing
8 the city of New Bedford.

9 THE HON. JON MITCHELL: Good
10 afternoon, Mr. Chairman, members of the
11 Commission. I am here today to report to the
12 Commission that earlier today New Bedford and
13 KG Urban Enterprises executed a host community
14 agreement to build a gaming facility on the New
15 Bedford waterfront. And I'd like to take a
16 moment to describe to you how we got to that
17 point.

18 As you know, for several years now
19 there has been talk about the prospect of the
20 resort facility on the New Bedford waterfront
21 at the site of a defunct power plant that is
22 still owned by NSTAR along with a related
23 property that's owned by Sprague Oil, which is
24 a regional oil shipping company.

1 We, from the start, I've been in
2 office for three years. My view on casino
3 gaming has been that if a casino operator wants
4 to set up shop in New Bedford, it would have to
5 be a casino that worked for New Bedford. It
6 would have to be a casino on New Bedford's
7 terms.

8 I reject and have rejected and
9 continue to reject up until we just signed this
10 agreement the notion that the mayor of an older
11 industrial city would just say thank you based
12 on any expression of interest from any
13 developer, casino or otherwise. It's got to
14 fit. That means for us more than anything else
15 that we set a high bar.

16 Every community is different. The
17 burden to my mind has always been on casino
18 developers to show me how on balance what they
19 propose to do would advance New Bedford's long-
20 term economic interest. This is the way we
21 govern in New Bedford. I'm about to explain
22 why I think this does it, why KG Urban has
23 convinced me that they have crossed that bar.

24 Every community is different. Every

1 community that has entertained the prospect of
2 a casino resort recognizes that the manifest
3 job efforts, every casino certainly the size
4 that would have the minimum capital expenditure
5 that's required here in Massachusetts would
6 generate a lot of jobs. But it's got to fit.

7 It has to advance the existing and
8 future economic development initiatives. It
9 has to build on the assets of a community. It
10 has to minimize the negative externalities that
11 often come with casinos and that all of you
12 concern yourselves with all the time. And it
13 has to throw off enough economic activity to
14 accelerate positive development.

15 That's what I've been looking for as
16 mayor all of the time. And as I said, every
17 community is different but the question is
18 always the same. Casinos, to my mind, are not
19 strictly ends to themselves, but they're means
20 to other things. And that's really the
21 question.

22 So, in New Bedford a city that is
23 not a satellite of Boston and is not part of
24 the Boston orbit and is not riding on the rapid

1 growth of metro-Boston but is some 60 miles
2 away, farther from Boston than Worcester,
3 Providence or Manchester, New Hampshire.

4 We have to make our own way. We
5 have to focus on our economic assets and drive
6 what we do very well. And that's what we're
7 doing. We have well-thought-out, well-
8 developed economic development plans that are
9 based, by the way, on assets like our port, the
10 largest commercial fishing port in America, our
11 artistic sector which is most one of the
12 vibrant in America. And our industrial base,
13 we are still a major manufacturer.

14 But the reality is that we need to
15 accelerate and to capitalize on all of those
16 trends because as it stands now we still have
17 one of the highest unemployment rates in
18 Massachusetts. We are in many ways isolated
19 from the rest of the state. So, we have to
20 look for opportunities to lift ourselves up.

21 What KG Urban has presented to me at
22 this point -- I say at this point, after some
23 three years of talking about it, I believe
24 we'll accelerate what we are trying to do in

1 New Bedford so that we have a sustainable
2 economy in the long run.

3 We have, to sketch it out for you,
4 the ink is literally not dry on this document.
5 We signed it some two hours ago. We believe
6 that this is a host community agreement that
7 will enable us to reap the reward, all of the
8 positives and to avoid the negatives of a
9 casino development.

10 To sketch out in a broad outline.
11 Some 2000 permanent jobs are to be expected as
12 a result of this project. The annual host
13 community payments are \$12.5 million exclusive
14 of hotel and meal taxes. A \$4.5 million
15 upfront payment. The annual payments all
16 include an escalator that will kick in in year
17 six so that it will keep up with inflation.

18 We have strong local hiring
19 requirements in the document as much as the law
20 would allow, same thing with local procurement.
21 These things are all very important to me.

22 One of the concerns I had with a
23 waterfront casino is the displacement of
24 maritime industrial land. This agreement will

1 permit the usage of a significant portion of
2 the site for commercial fisher berthing which
3 is something that's very much needed as much of
4 the commercial fishing industry in the
5 Northeast continues to gravitate towards New
6 Bedford.

7 It will also allow us to build a
8 marina on the northern side of the property,
9 again utilizing a finite resource, waterfront
10 land and an industrial port. That is something
11 that was very important to me.

12 Also very important to me is
13 connections to downtown. The KG team was able
14 to redesign their project so that -- in a
15 number of ways. One of the most important ways
16 was that they moved the hotel, positioned the
17 hotel to a site on the project, overall project
18 site closest to our downtown to facilitate
19 pedestrian circulation between the site and the
20 downtown.

21 We have a downtown that has some 30
22 restaurants. We want to make sure that people
23 who come to this gaming facility will go to our
24 downtown and patronize not just our shops but

1 our restaurants as well.

2 In the last week or so, KG also
3 added a waterfront convention center. New
4 Bedford lacks for convention space. We believe
5 that with a convention center there will be
6 folks who don't game and will travel to our
7 downtown to again patronize our local
8 businesses. That's another good thing.

9 As there are in other HCAs, gaming
10 rewards program to facilitate, to incentivize
11 folks to go to our downtown and spend money.

12 In addition, there are certain
13 prohibitions and certain restrictions in the
14 HCA that I think are somewhat unique to this
15 HCA that I think will allow us to both enhance
16 the appeal of our downtown or not detract from
17 our downtown and most importantly not to
18 detract from the New Bedford product.

19 By that I mean this, for those of
20 you who are familiar with New Bedford
21 especially the historic district, we pride
22 ourselves on having preserved a big piece of
23 what was once the original whaling village in
24 New Bedford, preserved by a national park. The

1 last thing that we would want to see is large
2 garish casino signs in close proximity to that.

3 KG understood that. KG understood
4 that an operator would love to have signs
5 because casinos have signage that casinos want
6 people to feel the glamour and the excitement
7 of a casino. But they understood that in order
8 to work in New Bedford that such signage had to
9 be subdued.

10 So, we have included probably the
11 strictest restraints on signage of any HCA I
12 suspect. No sign over 40 feet tall on the site
13 that depicts a casino name, operator name or
14 logo. So, we won't see the operator's name on
15 the hotel or on the top of the power plant that
16 will be restored.

17 We in addition to that have included
18 a prohibition on billboards advertising the
19 casino in the city of New Bedford, because it
20 is very important to me and very important to
21 my community that we not be seen as a casino
22 city. We are much more than that. So, that
23 was very important to me. We restricted the
24 number of hotel rooms and the height of the

1 hotel itself. When KG first came to town, they
2 proposed a 24-story two hotel towers the larger
3 of which would be 24 stories. That has been
4 limited to 11 stories now. So, it's a much
5 better fit in terms of scale, the buildout with
6 the rest of the environment. That's really
7 important.

8 They've also limited the number of
9 rooms to 300, which will underserve the site.
10 That's an important thing for us because we are
11 trying to develop hotels in the downtown. We
12 want spillover. We think there will be
13 spillover. Same thing with restaurants and
14 retail, undeserving the site with restrictions
15 on both so that there is spillover. All
16 important things to us.

17 So, what we see -- And the list goes
18 on and I won't belabor it, but we are confident
19 that our partnership with the KG team Barry
20 Gosin and Andy Stern and the rest will lead to
21 a casino that enables New Bedford to enhance
22 what it has, to grow very needed jobs in the
23 city and to create some more opportunities for
24 us. To really double down, pardon the

1 expression, on the things that we are already
2 trying to advance.

3 Let me just add one point about the
4 proposed extension. We believe -- We
5 appreciate that the Commission has been
6 flexible in its schedule. That is appropriate.
7 What you're trying to get at, I submit, is the
8 best results for the Commonwealth. And
9 exalting form over substance on deadlines can
10 undermine such efforts.

11 We are ready to go in New Bedford.
12 We are ready to do what it takes to support the
13 financing of the project. And there are folks
14 who are thinking about investing in KG. I've
15 committed to their to team that I'll make
16 myself available. And Barry will speak to the
17 financing issue in a second.

18 We are a community that is firmly
19 behind this idea. And in every community
20 there's some division about casinos and no
21 casinos. People in New Bedford as there are in
22 other communities on polar opposites,
23 categorically no, categorically yes. But the
24 great middle in between are the ambivalent.

1 And what we have now because of the
2 accommodations that they have made, the
3 commitment to integrating this site with the
4 city in all of the appropriate and necessary
5 ways I think will reflect in overwhelming
6 support in the city.

7 I did not openly embrace the idea of
8 casinos, as I said at the outset, because the
9 devil is in the details with these things. So,
10 that's why we've done our research. We've
11 asked the hard questions. We've set a high
12 bar. And in my view that high bar has been
13 crossed. And that's why we are here today.
14 Because if it weren't the case, we wouldn't be
15 having this conversation candidly.

16 So, we believe that the competition
17 that will result from New Bedford's entry into
18 this race will be good for the Commonwealth,
19 will be good for taxpayers. It will be good
20 for the overall economy in the region,
21 especially in Southeastern Mass. which arguably
22 has been frankly left behind.

23 The growth of the greater Boston
24 ring, the 495 ring in the greater Boston, we

1 think we'd like this opportunity. We don't see
2 it as the goose that laid the golden egg. We
3 caution people and my city not to think about
4 it that way. But I do think it is a prime
5 opportunity for us to accelerate all of our
6 efforts. And I hope that the Commission takes
7 that into consideration.

8 CHAIRMAN CROSBY: Thank you.

9 MR. GOSIN: Good morning.

10 COMMISSIONER STEBBINS: Good
11 afternoon.

12 MR. GOSIN: Oh, good afternoon. I'm
13 thrilled to be here.

14 CHAIRMAN CROSBY: Name?

15 MR. GOSIN: My name is Barry Gosin,
16 CEO, I'm the managing partner of KG Urban. And
17 we've been in this state for the last seven
18 years.

19 We are in the real estate business.
20 And our primary -- And I think it's important
21 for you to understand the genesis of how we got
22 here. Most of what we do is urban
23 redevelopment. The interest in architecture
24 and the interest in developments that have a

1 positive economic impact on areas we have
2 demonstrated throughout our entire career.

3 When came to the state after we had
4 completed a successful project in Bethlehem
5 where it had some of the similar elements, what
6 we determined is that we were not going to be
7 someone who would be spending their time
8 looking at locations for greenfields just to
9 build the casino off a highway on a greenfield
10 somewhere and just benefit from what we thought
11 would be eventually a casino legislation in the
12 state.

13 In fact, we had many opportunities
14 for greenfields. We had many opportunities to
15 join forces with people in the state. But we
16 felt that our sweet spot and what we bring to
17 the table is really an understanding of
18 everything that the Mayor just mentioned.

19 Understanding how thoughtful
20 development can improve a city that can attach
21 to the grid that create economic development
22 without disrupting a city. Building something
23 within the texture and the context of the way a
24 city should be architecturally designed. And

1 that was critical and foremost in our thinking
2 of why we chose New Bedford.

3 When we did Bethlehem, we were
4 fascinated with the Brookings report on America
5 and the impact of Walmartization on this
6 country. And how small towns were impacted by
7 malls and shopping centers that took the energy
8 out of the inside of many cities. We thought
9 that here's such a unique opportunity to use
10 gaming as a driver of economic development by
11 taking the bones of what's a spectacularly
12 interesting and beautiful city.

13 And I love New England. My daughter
14 lived in Brookline. I've always been
15 fascinated with how beautiful Boston is and how
16 the architecture is here. So, when we came
17 upon this power plant and many people didn't
18 see why would someone be interested in this big
19 ugly power plant on the waterfront. We saw
20 something completely different.

21 What we saw is a beautiful brick
22 structure in a beautiful town that has been hit
23 with economic disruption and a downturn. And
24 where better than in New Bedford could you take

1 economic -- drive economic development through
2 gaming and we could combine what we know best
3 which is how to develop thoughtfully and how to
4 enhance a city.

5 So for years -- In 1982, 1983 we
6 made an investment in what is now called DUMBO
7 in New York City. It was a factory area mostly
8 empty. And there was really not much going on.
9 And today those areas around Brooklyn are the
10 hottest areas in New York.

11 We invested in SoHo in 1982. In
12 1983 brought the first retail tenant, Dean and
13 DeLuca, into SoHo. We bought the Flat Iron
14 building many years ago. And it had graffiti
15 scrawled on the outside of the building. And
16 our portfolio, which is about 10 million square
17 feet strong, is inhabited with buildings that
18 have architectural interests, are cast-iron,
19 are brick are exactly what you have here. So,
20 we couldn't agree more with the Mayor on how
21 important it is to not compete against what the
22 feeling in the context of a city like New
23 Bedford.

24 We recognize that unemployment or

1 underemployment of 22 percent is a great
2 opportunity to create jobs and bring long-term
3 jobs. We also recognize the opportunity that
4 will leach into the rest of the city by
5 attaching it to the grid, to develop retail
6 along the streets, to attract other kinds of
7 retail.

8 When we went for the license in
9 Bethlehem, we had letters of intent signed with
10 people like Coach and Ralph Lauren and other
11 people like that who were prepared to make an
12 investment in that community. And I would say
13 today it is a resounding success. It's in its
14 second and third phase.

15 We actually acquired much of the
16 land on the street that adjoins the Bethlehem
17 project. We are now in the second phase of
18 development and other things are going on
19 there.

20 So, I couldn't be more excited to
21 have withstood what was a very long and arduous
22 process and knowing that the bar was set very
23 high. But we set the bar high for ourselves.
24 So, we are excited and we now have a

1 collaboration with the Mayor. And together, we
2 are going to go develop this thing in a way
3 that will benefit the city of New Bedford.

4 We have made incredible progress.
5 Many people were counting us out in respect to
6 never getting an HCA. I will tell you that
7 with the conventional wisdom. And for good
8 reason the Mayor had his ideas about how
9 development would occur in the town. We
10 together we rethought the development, made
11 some changes that were suited to his
12 objectives. We are excited that we accomplish
13 that.

14 We've signed a letter of intent with
15 Foxwoods as an operator for our casino. You
16 have a letter, a highly confident letter from a
17 bank for financing.

18 And I can say that in addition to
19 what we've spent to date, principals of KG will
20 invest additional capital on their own part to
21 provide a significant portion of that equity,
22 but we are talking to many other people on the
23 equity side. And we have an incredible amount
24 of interest, an incredible amount of

1 discussions around providing the equity. We
2 are extremely confident that we will be able to
3 raise the equity to complete the task of
4 getting this development in tow.

5 CHAIRMAN CROSBY: Questions,
6 comments?

7 COMMISSIONER MCHUGH: This all is
8 fascinating. Why didn't it happen three weeks
9 ago?

10 CHAIRMAN CROSBY: Or two years ago?

11 COMMISSIONER MCHUGH: Or two years
12 ago? And I'm not being facetious. We've had
13 this deadline out there for a considerable
14 period of time. We've had other deadlines out
15 there.

16 There is the attention getting
17 impact of a deadline which obviously finally
18 seems to have worked. But why should we change
19 the deadline? It's been out there for years.
20 It shifted from time to time, but there has
21 been a deadline that has come and gone for a
22 considerable period of time.

23 MR. GOSIN: I think the objective of
24 the gaming legislation is to create competition

1 and to provide the best opportunity for what
2 the original plan of the gaming legislation
3 would provide for the state.

4 So, I think that by extending it for
5 not a significant amount of time that this
6 gives the state the best opportunity to look at
7 several projects that could provide them a full
8 view of what would be in the best interest of
9 the state.

10 You all know it has taken us a while
11 to negotiate an HCA. It has taken a long time.
12 We have had equity partners before. We did
13 have an equity partner and an operator. When
14 Caesars left the state, one of our operators
15 and our finance decided -- They got spooked.
16 We were all set. We had everything together
17 and they were spooked.

18 For whatever reason, there was a
19 moment in time at that time where they were
20 diverted to other things. So, that set us back
21 some.

22 Then the people that we had talked
23 to were waiting to see us get an HCA. The
24 financing people, the financing arms and

1 everybody that we have talked to have been
2 waiting for us to get a host community
3 agreement.

4 So, I'm part of it but I think it
5 just took a long time to get us to agree on a
6 proper HCA that the Mayor could live with.

7 The deadline has been moved before
8 for different reasons each time. Obviously,
9 you have to decide how you want to move through
10 regulations. It's sort of your basketball.
11 But in the best interest of the state, we think
12 we have the best project. We are in the south
13 part of the state in a city that needs this
14 kind of development. And I know we can get it
15 done.

16 THE HON. JON MITCHELL: Can I just
17 add one thing on the back of his comments in
18 direct response to your question. On this end
19 there has been no trifling with the
20 Commission's deadlines. We're in a full sprint
21 in an effort this past week, week and a half to
22 try to get something done to be here today to
23 present to you. And that happened.

24 Why didn't it happen two years ago,

1 it's because I've taken a very different
2 approach from others in the state when it comes
3 to casinos. I've really set a very, very high
4 bar. So, I didn't make it easy on this group
5 or other groups that came to New Bedford.

6 COMMISSIONER MCHUGH: The extension
7 that's being sought is for another 45 days; is
8 that right?

9 MR. CONROY: That's correct,
10 Commissioner.

11 COMMISSIONER MCHUGH: And I respect
12 what you said. I understand. What assurance
13 do we have that that 45 days isn't going to
14 morph into 90 or 180?

15 MR. CONROY: Kevin Conroy,
16 representative from Foley Hoag. I think
17 Commissioner, as someone who was very involved
18 in the Region A process and somebody who had
19 worked with the equity that is involved in the
20 Region A process, something that was surprising
21 to me in the Region C process. And something
22 was surprising to me about this project, which
23 is when this project was out looking for equity
24 as we knew we had and we needed over the last

1 three months, the equity was staying on the
2 sidelines waiting for the host community
3 agreement. And there had been so much
4 discussion in the newspapers about the KG/New
5 Bedford sort of discussions that the equity was
6 staying on the sidelines until we had an HCA.
7 And that took me by surprise, Commissioners.

8 And also I think that the Region C
9 was a little bit different with the referendum.
10 To answer your question, Commissioner, and I
11 think Barry can talk a little bit more about
12 this is that now that we have this HCA, I think
13 we've given the potential equity that we've
14 been talking to some assurances that this
15 project is going to go forward. If they invest
16 in this project that we've gotten over a big
17 hurdle.

18 So, that was the thing that was
19 surprising. And I think that's why we have
20 such confidence in the 45 days and our ability
21 to get equity, the additional equity we need in
22 the next 45 days is that we have removed what
23 we perceived out there to be a very big hurdle
24 about this project.

1 COMMISSIONER MCHUGH: Thank you.

2 COMMISSIONER ZUNIGA: But what if
3 that equity is staying on the sidelines for
4 other reasons not just the HCA? There are
5 market considerations here and there's other
6 competitive considerations as well in this
7 region.

8 I just want to press the original
9 question from Commissioner McHugh. What
10 assurances can we reasonably get that equity is
11 just around the corner?

12 MR. GOSIN: We've been fighting
13 this battle for the Southern district for C for
14 seven years. And it's one battle after the
15 next. We have invested time, effort, energy.
16 We wouldn't be here. We would have taken our
17 toys and gone home if we didn't think that we
18 could do this.

19 We have got a lot of things that we
20 could do. We also have to invest more money to
21 get to the RFA-2. So, we are going to invest
22 additional monies to get there.

23 We wouldn't be here if we didn't
24 think we could do it. We have never failed at

1 something. And when we buy a building, we buy
2 the building, we put up our money and we don't
3 have any contingency on financing. So, we've
4 raised money for many deals for a long period
5 of time. And we have a pretty good track
6 record of fulfilling our obligations, of
7 financing our deals and raising equity.

8 It is not very hard to raise equity
9 in a market where when you buy real estate they
10 sell for three caps. There's so much liquidity
11 in the world today.

12 For a while it was the Indians.
13 Obviously, Region C people didn't take the
14 time, equity didn't take the time to understand
15 the Indians. So, we had to educate on Carcieri
16 and all the other aspects of it. So, that was
17 one piece.

18 Then for a time there was basically
19 the host agreement. People didn't want to
20 engage with us seriously until they knew we had
21 a host agreement, because when all of the
22 political insiders in Massachusetts and in some
23 respects like every state, it's a small state,
24 when we're engaging with an equity partner and

1 they call their lobbyists in the state, and
2 their lobbyists say do you think these guys are
3 going to get a host community agreement? The
4 odds on that were probably pretty low until
5 probably this morning.

6 So, the money people have lots of
7 things they could do with their time. And they
8 certainly didn't want to waste their time if
9 they thought it wasn't viable.

10 COMMISSIONER ZUNIGA: I'm sorry, but
11 this goes perhaps to the point that Mr. Conroy
12 was making to his point about the surprise.
13 That was not the case in the other regions.
14 There was equity source prior to host
15 agreements.

16 MR. GOSIN: In Boston, I would write
17 the check for Boston. It's a different
18 economics.

19 COMMISSIONER ZUNIGA: And I guess
20 that's what I'm getting at.

21 MR. GOSIN: It's a very easy
22 economics. And a resort like Wynn didn't want
23 to, wouldn't do anything but Boston. So, the
24 large resorts were not interested in the

1 southern region like the Las Vegas Sands or the
2 Wynn.

3 So, it's generally a cluster of
4 private equity and smaller gaming operations
5 that would be more interested in it.

6 And then until November you also had
7 the referendum. So, you have the Mashpees.
8 You have the host community agreement. In
9 November you had the referendum. You had the
10 economics of it.

11 So, there were a limited group of
12 people that were -- You had New York. You had
13 New York going on. There were a hundred people
14 that bid for various licenses in the. So, they
15 were all busy. So, there were a host of
16 things.

17 I will tell you that there is a lot
18 of equity out there. And anyone you talk to
19 anybody about the availability of equity in the
20 world today, it's as liquid as you possibly
21 could get.

22 COMMISSIONER CAMERON: Mr. Gosin,
23 you said early on you had to educate about the
24 Indians, the Mashpee. Why has that changed

1 now?

2 MR. GOSIN: Well, some of it is
3 following other people. People are lazy about
4 this. So, if someone else is -- If you have
5 Foxwoods willing to do it. If you have Mass.
6 Gaming willing to do it, if you have other
7 people willing to do it then obviously they're
8 smart. There is a certain element of that.

9 And then we spent a lot of time so
10 it's not an issue. It's just not an issue for
11 most of the people now in the know who look at
12 it and have studied it and have realized that
13 the land in trust issue that it is unlikely, if
14 ever, that land will be --

15 MR. CONROY: I think too,
16 Commissioner, I think it's this Commission,
17 frankly this Commission has been more bullish
18 about Region C over the last months. I think
19 the market has understood that. You've been
20 talking about Region C. You've been talking
21 about the importance of this region.

22 And I think the market is responding
23 to that. And I think the people that we have
24 been talking to have been responding to the

1 things you've been saying.

2 So, I think that's been part of the
3 reason we think that overcoming this Mashpee,
4 this Indian hangover on this region I think
5 because of the activity that you have generated
6 because we are getting host community
7 agreements because that activity has begun.
8 That is feeding. And that's bringing more
9 people to market to look at it.

10 COMMISSIONER MCHUGH: Let me pick up
11 on that though and the shifts away from should
12 we move the deadline. And if you are not
13 prepared to answer it, I understand that.

14 But we have always said that when it
15 came time to issue, to make a decision as to a
16 Region C license, we would consider the
17 economic conditions as they then existed. And
18 we would consider the economic conditions
19 insofar as the Mashpee situation had clarified
20 itself or was unclear. But we would look at
21 the economic conditions overall.

22 And we'd look at the economic, our
23 system the economic viability of a Region C
24 casino given the possibility (A) of four

1 casinos if the Mashpee application goes
2 through. And the economic viability of a third
3 casino if it does not. And for me that remains
4 a consideration that we need to think about.

5 Can you think of a way that we can
6 begin to, if we move this deadline, rapidly get
7 our hands on that component without possibly
8 putting everybody through the full RFA-2
9 process? If you're not prepared to answer
10 that --

11 CHAIRMAN CROSBY: This doesn't
12 pertain to just your application, this is a
13 question that affects everybody equally.

14 COMMISSIONER MCHUGH: Right. And I
15 realize that question perhaps comes out of left
16 field. And if you are not prepared to answer
17 it, I understand that. And that's fine. But
18 that's something that frankly particularly over
19 the last three or four months I've been
20 struggling with internally.

21 MR. CONROY: I'll give you one
22 anecdote, Commission, and then maybe I'll say
23 we're not prepared to answer that. I think,
24 Commissioner, Barry Gosin is here before you,

1 has raised equity for a lot of projects. And
2 he's telling you he think he can get the equity
3 and he can do that soon.

4 And I know that's not what you're
5 looking for, but I think what you're seeing
6 right now in Region C is you're seeing -- it
7 may not be matching what you saw in Region A,
8 you're seeing enthusiasm for projects. You're
9 seeing some good projects come forward.

10 And I think that that to you is your
11 signal. And we obviously know the minimum
12 investments you're looking for. We are
13 following your regs. closely. We are going to
14 have a wonderful project that the Mayor is very
15 proud of in New Bedford. And I think that to
16 you is the signal. I know you're looking for
17 something a little more quantitative and
18 qualitative, but that's the signal you've been
19 looking for.

20 COMMISSIONER MCHUGH: That is part
21 of what I'm looking for, but Mr. Gosin has
22 talked about some other projects that he's
23 done. I didn't realize the Dean and DeLuca
24 piece, the Flat Iron building, but I didn't

1 understand. So, I understand the competence
2 there.

3 What I am more concerned about is
4 the economics thrown off for the state and for
5 the region by a casino in New Bedford or a
6 casino in Somerset or a casino in Brockton.
7 It's not unique to you. And with (A) the
8 economic conditions as they currently exist,
9 (B) with now we know, now you know, everybody
10 knows who the other competitors of the casinos
11 are and where they are and the Mashpees are
12 still out there.

13 How do we get a handle on that? And
14 can we get a handle on that without going
15 through the entire RFA-2 process? I maybe
16 being terribly unfair at this point because you
17 didn't come prepared to answer that question
18 and I honor that. If you say you can't answer
19 it, that's fine.

20 MR. SILVERSTEIN: Commissioner,
21 perhaps I could make one comment in regard to
22 that. Jonathan Silverstein for the city of New
23 Bedford.

24 I think Commissioner Cameron asked

1 the question what's changed. Why isn't the
2 tribal issue just as pertinent as it was
3 earlier on when Mr. Gosin was trying to raise
4 equity and had to make those explanations.

5 As you'll recall, the original
6 gaming legislation gave an exclusivity to a
7 tribal casino in Region C for a period up until
8 I believe July '12. Then the Commission
9 extended that. Nothing happened with the
10 tribal casino. Nothing has happened since
11 then. Nothing looks terribly imminent to
12 happen.

13 And so I think as more and more time
14 passes, you're never going to have a definitive
15 no on the tribal question. And I don't think
16 it's fair to hold these applicants to a
17 definitive no because it can't happen. There's
18 always the chance someday.

19 You could only have a definitive
20 yes, but I think as definitive as you can get
21 at this point in time, years after the
22 legislation passed, there's absolutely no
23 indication that the tribal casino is likely to
24 happen.

1 So, I think what you're hearing from
2 someone with a great deal of experience raising
3 equity for projects just like this is that that
4 is no longer an issue. The market is
5 different. The scale of the proposals that
6 you'll see is very different. But they are
7 still very, very substantial with great
8 financial benefits to the Commonwealth, to the
9 host communities and the regions in which
10 they'd be located.

11 And I would say first and foremost
12 among that is the KG project in New Bedford,
13 which is furthest from Boston, furthest from
14 Plainville, furthest from Springfield, a great
15 deal closer to Rhode Island. So, has the
16 greatest chance of accomplishing all of the
17 goals that the gaming legislation was enacted
18 to accomplish.

19 So, I know you said and I would
20 agree that that doesn't directly go to the
21 question of the extension but in a way I think
22 it does, because if you want the best chance of
23 accomplishing those goals then I think it's
24 fair to grant an extension. And a lot has

1 changed since the last time you set the current
2 deadline.

3 COMMISSIONER MCHUGH: Yes. I wanted
4 to make it clear that I thought the extension
5 was a separate issue. Okay, thank you.

6 CHAIRMAN CROSBY: I would like to
7 follow up. I had an opportunity to know Mayor
8 Mitchell a little bit socially. But I wanted
9 to make a finer point on his question -- on
10 Commissioner McHugh's question.

11 Reading the newspapers, which I know
12 as well as anyone is not necessarily the whole
13 story, but reading the newspapers, it seemed to
14 me like it was pretty straightforward that you
15 didn't have the slightest interest in
16 negotiating a good-faith arrangement with these
17 guys.

18 And it looked like you were just
19 going to stall and stall and stall and stall
20 and eventually it would fade. I wondered
21 whether you would even come today because I
22 thought maybe you had managed to do what you
23 had intended to do, which was stall to the end
24 of the deadline.

1 Apparently, again just reading the
2 newspapers something happened within that last
3 week where you put some kind of a redesign or a
4 reorientation or something on the table, which
5 I assume had something to do with breaking this
6 log jam and making this happen. But you could
7 have done that a year ago or six month ago or
8 two months ago.

9 Why should we prejudice another
10 party that adhered to the rules to satisfy in
11 effect you whim?

12 THE HON. JON MITCHELL: Let me see
13 if I can unpack that, Mr. Chairman. I can't
14 speak for how my comments in the last couple of
15 years have been characterized in the newspaper,
16 but I did take pains over the last couple of
17 years to spell out in editorials that were
18 published in the New Bedford Standard Times my
19 thoughts about casinos and how they might fit
20 in New Bedford. I'd be happy to share those
21 pieces with the Commission.

22 My position hasn't changed over
23 time. It is all about the details and it's all
24 about fitness. And I was very clear not just

1 -- it wasn't the case that any casino would do
2 in New Bedford because our economic development
3 plans are all about building on our assets.
4 Frankly, no community that would come before
5 you is contemplating building a casino-based
6 economy. The question really is how does it
7 support the other things or detract from them.

8 So, that question has been pending
9 for a while. We've had fits and starts. We
10 had extensive talks with Foxwoods and another
11 investor group about a site on a municipal golf
12 course that didn't come together. That was
13 another possibility.

14 I made very clear all along, took
15 pains to make very clear all along that my door
16 was always open that I would consider any
17 proposal that would on balance advance New
18 Bedford's interests but that the burden was on
19 the developer to show that.

20 That's how it came together in the
21 last few weeks. I think in part one of the
22 considerations for me that became more apparent
23 is that the likelihood of something on the golf
24 course was not going to happen. So, we're

1 really just looking at one site. That
2 certainly played a part in it. And frankly,
3 the team at KG stepped up in a way that
4 accommodated New Bedford's interests. So, I
5 think that certainly played a part in it as
6 well.

7 With respect to prejudice, a 45-day
8 extension for a license that will last 15 years
9 for a development that will presumably have a
10 life much longer is probably not going to cause
11 any undue prejudice to the city of Brockton. I
12 say that with all due respect to the city of
13 Brockton.

14 CHAIRMAN CROSBY: Having competition
15 will be prejudicial to their competitive said
16 status.

17 THE HON. JON MITCHELL: Yes, I get
18 it. As I said to Commissioner McHugh, we don't
19 trifle with those deadlines. We take them
20 seriously. We've certainly taken this meeting
21 very seriously and tried to fit in what is, as
22 you will see, a very comprehensive host
23 community agreement, hashed through that in a
24 very short period of time through a lot of

1 intense negotiations.

2 So, it is emphatically not the case
3 that I've seen Jesus and now I know that
4 casinos are the way to go. It is not. It has
5 always been how is this going to advance New
6 Bedford's interests. That's the approach I've
7 taken all along.

8 COMMISSIONER ZUNIGA: Mr. Mayor, did
9 you understand though that the applicant had a
10 substantial piece missing which was this equity
11 portion that we keep talking about that was
12 perhaps dependent on the HCA status that you
13 effectively control?

14 THE HON. JON MITCHELL: I understand
15 that maybe as the questions a moment ago
16 suggested that may be one of the reasons. You
17 asked about the market as well and there could
18 be a combination of factors.

19 But I suspect that having an HCA now
20 does matter and it creates more certainty for
21 prospective investors that I think will enable
22 the financing to come together.

23 CHAIRMAN CROSBY: Are you
24 enthusiastic about this project?

1 THE HON. JON MITCHELL: Well, I'm
2 not the kind of person who jumps on the table
3 and plays air guitar. That's just not my
4 style.

5 But I am enthusiastic about the
6 opportunity for the city because it will
7 certainly contribute substantially to the
8 public fisc. There is money that will go into
9 economic development that will allow us to
10 accelerate our economic development effort.

11 One of the problems that we have
12 unlike larger cities is that lack of capacity
13 in our economic development agencies to do real
14 economic development. We have a strapped
15 redevelopment authority. Our port authority,
16 which is the only other one in the state other
17 than MassPort is rubbing nickels together
18 despite the size and intensity of the activity
19 in the port.

20 Our economic development council is
21 extremely productive but it's only five or six
22 people. And we just largely community
23 development block grant funds to fund them.

24 What I'm sketching out, and I

1 suspect things aren't different from Brockton
2 in this way, it's the life of the midsize
3 American city these days and that is there are
4 capacity constraints that impede economic
5 growth.

6 What we've done, we've taken great
7 pains to do over the last couple of years is to
8 pull the business community together, come up
9 with definitive plans to grow the regional
10 economy. We believe they are working, will
11 work in the long run. And we see a casino -- I
12 don't mean to diminish it in this way but it is
13 a complement to those -- complementary to those
14 efforts. Complement but still very important
15 because it will give us the capacity to really
16 push things a lot harder.

17 MR. GOSIN: Can I add something?

18 CHAIRMAN CROSBY: About whether he's
19 enthusiastic?

20 MR. GOSIN: This is his enthusiasm.
21 This is him at his enthusiastic best.

22 Part of having a successful
23 sustainable casino is around having
24 alternatives, having a convention center,

1 having a hotel. Our view is being next to the
2 city, connecting to the grid, having much more
3 of a reason for people to go there.

4 Bethlehem is really an example of
5 development across the street is starting. We
6 own property there. We're developing
7 residential. We're developing retail. We have
8 a brewery, a hand-crafted brewery going in.
9 There's a very large retailer that's coming to
10 the rest of the site.

11 And it feeds on itself. Last year I
12 think eight million people come to Bethlehem,
13 eight million come to that casino because it
14 has an outlet center because it has a hotel, it
15 has an event center. It has entertainment.

16 So, people come there for more than
17 just gaming. And when there's more than just
18 gaming and we look at the campus as New
19 Bedford, the campus of the site, it will all
20 feed off of each other. That's how you create
21 a good urban development.

22 And the ingredients that make Boston
23 what it is or Charles Street or those kinds of
24 things that make a place a destination are the

1 kinds of things that gaming is a jumpstart.
2 It's a jumpstart for New Bedford. It is not --
3 For two years I might not have gotten that
4 message across as clear as I would have liked
5 to the Mayor, but we've been offered to be
6 partners on some of these greenfields. People
7 wanted us to join in their application. We
8 were not interested.

9 We are interested in this site
10 because not because it is only gaming but
11 because of what it does for New Bedford. And
12 it fits who we are as a company. It is a much
13 more rewarding, much more interesting, much
14 more redevelopment. It's just a better
15 project. It's better for the state. It's
16 better for New Bedford. It's more interesting
17 for us.

18 So, in respect of Mr. McHugh's
19 comment, we think that you beat out the
20 competition by having more to offer than just a
21 box with slots, which is what to be honest with
22 you what many Vegas shops would like to have.
23 They just want them to have a box on a
24 greenfield, easy to get to, people come in and

1 pull the slot machines. You don't need people
2 to operate the slots. It's the highest profit
3 margin.

4 That's not what we are about. We
5 think for starters speed to market, thoughtful
6 better project, more interesting architectural,
7 inner-city, on a waterfront. That regardless
8 of what happens yes, it will be stressed
9 somewhat as anyone is going to look at that.
10 But we've talked about that.

11 You could look at a stressed
12 analysis what happen if and how it would impact
13 the revenue. You have to worry about the
14 Meadowlands at Bethlehem. There's always
15 something that could impact.

16 Truth of the matter is, it really
17 doesn't matter to the state because the state
18 is going to get its revenue first. The project
19 will be built and be beautiful, and you will
20 have a waterfront developed. The city will
21 have already advanced significantly with other
22 retail. And the project will be built.

23 We are confident that the project
24 will support itself. It will be a good return

1 on investment. We can raise the equity.
2 There's a significant amount of equity. The
3 same people that are looking for three percent,
4 three and a half percent cap rates will be
5 looking for something which is a much higher
6 return on investment, and being partners in
7 something interesting like this in New Bedford.

8 THE HON. JON MITCHELL: Mr. Chairman
9 if you had told me he was going to build a
10 brewery in New Bedford, I wouldn't be able to
11 contain my enthusiasm.

12 MR. GOSIN: Hand crafted.

13 COMMISSIONER STEBBINS: I have a
14 quick question. I have to admit I like the
15 term you use connect to the grid, because for a
16 minute there I didn't think you had any power
17 out there to the site.

18 Your letter dated last week asked
19 for 45 days, talked about the fact that there
20 was no HCA, talked about the need obviously to
21 secure more equity. Is that 45-day request now
22 is it still valid? You got the HCA today.
23 Does that change your timeline?

24 The equity piece is tough to chase.

1 And from our investigations and enforcement
2 side as I've seen or I've witnessed I think the
3 equity players, the financial instruments in
4 the other projects are sometimes drawn out, the
5 review and investigation process just because
6 of the sheer number of people involved. It's
7 not as simple as quickly go take a look at an
8 operator. It's a different piece.

9 Having the HCA in place or at least
10 signed between you and the enthusiastic mayor,
11 does that change the requested timeline that
12 you need?

13 MR. GOSIN: Obviously, 45 days to
14 raise the money would be better for us. It's
15 not like we're just going to get a phone book
16 and make calls.

17 We have talked to people about
18 equity who are there and just waiting for us to
19 come back. But I think 45 days is the right
20 amount of time to get this done.

21 CHAIRMAN CROSBY: Any other
22 questions, thoughts? Okay, thank you very
23 much.

24 Now we have the folks from Somerset.

1 MS. WELLS: That is correct, Mr.
2 Chairman. We have Attorney Robert Allen, we
3 have Kevin Constantine and we also have Donald
4 Setters who is the chair of the board of
5 selectmen of Somerset.

6 CHAIRMAN CROSBY: Welcome. Before
7 Mr. Allen starts, I believe I've disclosed this
8 before. But I am a friend of Mr. Allen's from
9 my old home in Brookline. And many years ago
10 when he ran for selectman, I gave him a modest
11 contribution. That does not affect my ability
12 to deal with this issue, I don't think.

13 MR. ALLEN: You could say
14 successfully ran for selectman.

15 CHAIRMAN CROSBY: Yes, correct.

16 MR. ALLEN: Thank you, Director
17 Wells. Mr. Chairman, members of the board,
18 again my name is Robert Allen. I'm here
19 representing Crossroads. I appreciate the
20 opportunity.

21 Here with me again is my partner
22 Jennifer Gilbert and Donald Setters who is the
23 chairman of the board of selectmen in Somerset.
24 I also have Daniel Avery behind me who is the

1 corporate counsel for Somerset Development
2 Group.

3 As you are aware we've been here
4 before in Region A. And we were back before
5 you approximately six weeks ago asking for the
6 continuance to March 26. I am happy to say
7 that a lot went on between the last time I
8 appeared before you and that March 26 date,
9 including merging two groups together which
10 proved to be a task full of paperwork and a lot
11 of negotiations and took up quite a bit of
12 time.

13 Fortunately, while we were working
14 on that merger, we're also continuing
15 communications with Somerset so as to keep them
16 in the loop and to run parallel tracks knowing
17 that this board talked about this March 26 date
18 --- March 16, I'm sorry, March 16 date and made
19 it clear that that was the deadline.

20 For the board's information, just so
21 you are aware, the three new qualifiers who
22 have also made the necessary Phase 1
23 suitability applications are James Karam who is
24 a well-known developer and civic leader in

1 Massachusetts Southcoast region. Dan Shriver
2 was a real estate investor living in
3 California. David Klinehandler who is private
4 investor, entrepreneur from New York.

5 And we're very excited that Dave
6 Hanlon will serve as the operator. Dave has
7 been over 30 years he's been a leader in
8 gaming. He's been qualified, I think, in every
9 major community that's had gaming both
10 domestically and internationally. Dave is a
11 very excited about this project. He is putting
12 together a team to join him in the operation in
13 Somerset.

14 As this board knows and as we just
15 heard Region C has been one of the more
16 challenging regions in Massachusetts. Yet in a
17 relatively short period of time we've managed
18 to accomplish quite a bit including just last
19 night receiving a highly confident letter from
20 Jeffries, a leading investment banking firm to
21 provide debt financing for a project that will
22 exceed \$500 million. I've provided Director
23 Wells with a copy of that highly confident
24 letter.

1 This will certainly help as we
2 continue our conversations with equity
3 participants. Much like the prior applicant,
4 we are not opening the phone book today. We
5 have had significant conversations. We were
6 actually hoping we would have something by
7 March 16, but we just didn't make it. We just
8 ran out of time.

9 We really believe that this site in
10 Somerset is really one of the best sites in
11 Region C. And probably extremely unique
12 because this is 100-acre parcel that is
13 actually owned by the town. This should not be
14 overlooked by the board because the town and
15 its residents have an interest and a stake in
16 this development that other communities just
17 don't have.

18 It'll make for a strong partnership
19 going forward, increase the benefits sense of
20 pride and ownership for the community. This
21 truly will be a public-private partnership that
22 will bring enormous benefit to the people of
23 Somerset.

24 I am pleased to report that the

1 chairman as well as all three members of the
2 board of selectmen are here to support this
3 request for an extension. Chairman Setters
4 will address the Commission, if the Commission
5 allows.

6 As a former selectman myself, I note
7 the importance of having selectmen here in
8 person to support this.

9 As I said, Region C has some
10 complexities and other regions do not.
11 Although the Crossroads group has been together
12 for quite a while, this new team has really
13 been put together in the last six weeks and
14 have made incredible strides towards finalizing
15 all the pieces necessary to move forward.

16 A short extension to identify all of
17 the equity contributors is requested. An
18 extension provides needed competition for the
19 license in this region and would also permit a
20 town, and I think this board understands that
21 the legislation really does not treat towns and
22 cities equally.

23 Towns have extra hurdles to go
24 through with the Chapter 30 laws and etc., town

1 meeting approval, other things that a city will
2 not go through. So, we have a couple of extra
3 hurdles to run. And this extension will allow
4 us to address that as well.

5 We believe that the people of
6 Somerset deserve the opportunity for us to come
7 in there and help them in a situation that they
8 find themselves in. And if I may, Mr.
9 Chairman, I would just like to turn it over to
10 the chairman now, Chairman Setters.

11 MR. SETTERS: Thank you. Chairman
12 Crosby and the rest of the board, I can't thank
13 you enough for allowing me this opportunity to
14 present Somerset's case for extending this
15 application for the Phase I portion of this
16 proposal.

17 Today, I bring with me as a sign of
18 solidarity my other two fellow select board
19 members Mr. Scott LeBeau, Mr. David Berube as
20 well as our chairman of our economic
21 development committee, Mr. Jim Burke.

22 I can't help but think that some of
23 the delays in getting this application forward
24 the town may bear some of the responsibility

1 for that. Somerset is a very unique community.
2 Some people think of us as a suburb of the
3 great city of Fall River.

4 And a year, a little better than
5 maybe a year ago, Fall River had a quest to
6 entertain a casino proposal. After speaking
7 with the then mayor as well as some of their
8 economic development people, they had heard
9 that we were thinking about such a proposal for
10 Somerset with this beautiful piece of land that
11 I think was kind of under the radar. Nobody
12 was looking at it. But understanding the
13 regional benefits of a casino and what it could
14 do, we were asked to stand down as far
15 proceeding to see if it was something they
16 could have. And we did.

17 When it was clear that they just
18 could not find a suitable location as hard as
19 they tried to, we embarked on our quest to put
20 this parcel of land that we have in the hands
21 of someone who could market it to potential
22 developers.

23 One thing you have to understand is
24 Somerset is a very unique town. One of the

1 most populated towns in the Commonwealth. We
2 are also -- The other unique thing is this
3 piece of property because it is town owned.
4 Somerset forever has relied on two power plants
5 for virtually all of our operating revenue.
6 And both of those plants are shutting down.
7 One has already closed. One is scheduled to
8 close in 2017. We have lost in a very short
9 period of time over \$8 million in operating
10 revenue. And there is no other developable
11 land in our town to make up for this muchly
12 needed revenue. Hence the idea of a casino.

13 The other aspect that intrigued us
14 is that a casino fills a void for our area. We
15 don't have nice hotel accommodations. We do
16 have things where you can have a conference.
17 We don't have things where people close by that
18 people can enjoy entertainment without going to
19 our neighboring state, which is Rhode Island
20 and then beyond that Connecticut.

21 So again, we embarked on this kind
22 of late in the game. I know that the
23 operators, the developers putting their team
24 together have worked very, very hard to put

1 their proposal together for you.

2 So, for economic reasons, and
3 everybody has economic reasons for wanting
4 commercial and industrial development in their
5 town, but ours is a huge number and it's
6 happening very suddenly to our town.

7 The second factor as Attorney Allen
8 has mentioned has been the uniqueness of this
9 piece of property. It is literally 1000 feet
10 off of a major interstate Route 195. You go
11 through all commercial district to get to the
12 corner of this property. It abuts a lot of
13 commercial. There is some residential but I
14 think every location is going to have some
15 residential impact.

16 But the nice thing is, it's
17 town-owned property. We haven't gotten into
18 the nitty-gritty of a host agreement but we
19 have talked about many of its elements,
20 particularly the ones that are concerned with
21 the sale or lease of the town-owned property.

22 And right now, we're talking about a
23 possible plan where the sale would actually
24 take place maybe five years or so after the

1 casino was up and running. One could only
2 imagine how the value of that property would be
3 magnified after the development is complete and
4 after the income is coming into that new
5 business.

6 It would make that property worth
7 easily 10 times or more what its fair-market
8 value is today. And Somerset would reap the
9 benefits of that. And I think we would feel
10 like we were partners in this case with the
11 developer as a result of this. I think that's
12 kind of unique.

13 So, for that reason and the
14 financial reasons because all of our elected
15 officials, our selectmen, our economic
16 development who believe in all of the good
17 things that a casino could bring to a
18 community. We have the full support of our
19 neighbor to our direct east, which is the city
20 of Fall River.

21 We need the jobs desperately. Fall
22 River needs those jobs desperately. We also
23 have a deep water access. This is probably
24 five or 600 feet maybe just a little more away

1 from the Taunton River where we're hoping there
2 will be some economic development spurred on by
3 a development like this. That is going to
4 spill over and connect Fall River to us
5 directly. They have got a renaissance going on
6 with their waterfront property.

7 It is literally by high-speed ferry
8 probably no more than 45 minutes to Newport,
9 Rhode Island. Again, the interstate that runs
10 through there Interstate 195, we're almost at
11 the crossroads of Route 24 for people who want
12 to enjoy these facilities coming from the
13 north.

14 And we're so close by to Rhode
15 Island facilities. We are hoping to really
16 pull some great business that we are losing
17 currently, the state of Massachusetts is losing
18 from those developments in Rhode Island and
19 Connecticut.

20 Again, I respectfully ask you to
21 strongly consider this request by Crossroads to
22 extend this. Thank you very much for hearing
23 me today this afternoon.

24 CHAIRMAN CROSBY: Thank you.

1 COMMISSIONER MCHUGH: Thank you,
2 Sir.

3 MR. ALLEN: Just lastly I'll say
4 Crossroads, we've spent time in the town in
5 Milford and while we had support of a couple of
6 the selectmen, obviously we took a pretty bad
7 blow in the referendum there. And for the most
8 part we were out of the casino business.

9 We were approached. Once the
10 referendum in November came up, we weren't
11 really thinking about Region C. We were
12 approached shortly after. This really geared
13 up for us after the new year. The problem from
14 our standpoint was really the development wing
15 of Crossroads was Foxwoods.

16 And they were going through a change
17 of leadership. Our relationship was with their
18 prior leader. They went off after the Milford
19 vote. Dave Nunes was also our development,
20 chief development officer. So, the people left
21 in Crossroads was Robert Potamkin and Bruce
22 Etkin who were really the equity portion of
23 this.

24 So, we merged with this group that

1 brings both real estate equity and some local
2 flavor of development as well as Dave Hanlon,
3 which brings in the casino aspect of it.

4 The benefit of going last is you
5 heard the questions before. We haven't been
6 sort of sitting around waiting. We were
7 approached by a community. We don't look at
8 this as prejudice against Brockton in any way.
9 Sure, it prevents their layup. Everybody would
10 prefer to have a layup if they can drive the
11 hoop.

12 But this really gives the Commission
13 another opportunity to look at -- You can
14 factor in whatever you want to factor in. You
15 can weigh whatever you think is important when
16 you're making your final decision.

17 We're just asking for the
18 opportunity. Listen, we put aggressive timing
19 in there because we think we're pretty close on
20 equity. We think that that Jeffries letter is
21 going to help us a lot. We have the framework
22 of an HCA all set out. We have a community
23 that wants us. We have a great site.

24 We think we can make a great pitch

1 to this Commission that town-owned land
2 partnering with this private group is really
3 something that this board hoped for. It'll be
4 great for Southeastern Massachusetts. It'll be
5 great for the Commonwealth. And we're just
6 looking for extra time to just put that final
7 piece together.

8 COMMISSIONER ZUNIGA: Thank you for
9 those comments. I do want to pick up on the
10 equity piece, which you mentioned the Jeffries
11 letter. But that's a commitment of debt
12 financing as you correctly pointed out.

13 MR. ALLEN: That's correct.

14 COMMISSIONER ZUNIGA: But you still
15 have to seek and obtain the equity portion.
16 That's a high bar in my view. One that the
17 prior applicant here attributed to the lack of
18 an HCA. But they had made in-roads, I guess,
19 and had conversations about that.

20 Where would your group be relative
21 to that equity discussion?

22 MR. ALLEN: As I said, I thought our
23 goal was to actually have it by that March 16
24 date. We are in pretty deep communications.

1 We actually came here last time originally we
2 had an equity partner. We hoped to continue
3 communications.

4 We have pretty good guidelines on
5 where we are going to come out with the HCA.
6 We have a pretty good sense. We've been able
7 to provide that to these equity partners.

8 COMMISSIONER ZUNIGA: Prospective.

9 MR. ALLEN: Prospective, correct.
10 One of the things that people have to get
11 comfortable with as you've heard before and as
12 you well know is the Mashpee. Is Connecticut
13 going to be expanding? Are they going to be
14 closer? And looking at all of those factors
15 when the consultants get brought in to look at
16 it, they needed to decide whether it was worth
17 it.

18 We believe that we provided good
19 numbers. My team, this is what they do. And
20 they are very confident that the equity piece
21 will be fairly imminent.

22 We tried to be as concise as we
23 could in the request for additional time
24 respecting that the Commission has a difficult

1 decision anytime this request is made.

2 COMMISSIONER CAMERON: Mr. Allen,
3 you talked about constraints with town
4 government as a reason for not having a host
5 community agreement? Is that what you were
6 alluding to?

7 MR. ALLEN: Both in a timing aspect,
8 you have to come to grasps with whether it's
9 going to be a sale or whether it's going to be
10 a lease and going through an RFP process versus
11 if it's a sale it has to go through a town
12 meeting process.

13 Yes, those are -- When the chairman
14 spoke about the nitty-gritty of the HCA, those
15 the nitty-gritty things that we have to
16 finalize. Those aren't the nitty-gritty things
17 that the equity prospective people will look
18 at, but that is the nitty-gritty stuff that we
19 have to work out with the town.

20 COMMISSIONER STEBBINS: Just so I'm
21 clear, the town process for the ultimate, if
22 you were to go for the ultimate disposition of
23 the property, is a town meeting required for
24 approval of your HCA? And what kind of timing

1 requirements is that?

2 MR. ALLEN: If I may, I'm going to
3 turn to Jennifer who knows the town process.

4 MR. GILBERT: Thank you very much.
5 Jennifer Dopazo Gilbert. So, having been town
6 counsel for many, many years in a community and
7 now special town counsel on a variety of
8 projects, I know the town process. It is long.
9 It is cumbersome. And it's a two-part process
10 for a resort casino.

11 First of all, you need the zoning
12 change, but to dispose of land, you have to go
13 through a Chapter 30B process, which requires
14 an appraisal. It requires an invitation for
15 bidders. And it requires notification at the
16 state level that a bid has gone out.

17 You've also got to decide will this
18 be a sale? Will this be a long-term ground
19 lease. And of course for financing purposes, a
20 lease would have to be 95, 99 years in order
21 for financing to play a part.

22 And what we are working out with the
23 town is a unique opportunity to make the town a
24 partner in this deal. So, as Chairman Setters

1 mentioned, this could be an opportunity where
2 after it's initially a ground lease and there's
3 some payment for that. And then as the value
4 of the land increases, there could be an option
5 then to sell at a much higher price.

6 So, these are the details we have to
7 work out all within this timing of this Phase 2
8 and the votes that are required.

9 So, once the RFP or the invitation
10 for bids is approved by the selectmen, any
11 disposition of that land also has to go to town
12 meeting for a two-thirds vote.

13 COMMISSIONER ZUNIGA: Why not
14 structure it as a simple lease and be partners
15 for the term of the license or as long as
16 they're licensed?

17 MS. GILBERT: It's a possibility.
18 And those are the kind of details that we are
19 working out. And certainly, Chairman Setters
20 and the other board members have to flesh that
21 out with their constituents.

22 This is an open town meeting form of
23 government. It's not representative. So,
24 everybody that shows up gets to vote.

1 COMMISSIONER ZUNIGA: They're
2 usually long too.

3 MR. ALLEN: This one especially.

4 CHAIRMAN CROSBY: Good old America.
5 So, other questions, thoughts?

6 COMMISSIONER MCHUGH: Mr. Allen, you
7 said that Mr. Hanlon was going to be the
8 operator. Help me understand that.

9 MR. ALLEN: We spent some time on
10 that today. I said Commissioner McHugh may ask
11 this question about an operator. I don't know
12 what made me think you would ask that question.

13 Mr. Hanlon feels that he has the
14 resources available to him and the people
15 surrounding him that he can set up an operation
16 necessary to put this casino together.

17 I know it is not sort of the
18 traditional you expect to see Hard Rock, you
19 expect to see some other entity in here. This
20 has always been -- If you remember last time
21 in, Mr. Hanlon always proposed himself to be an
22 operator when he came before with his own
23 application. He was always proposing to come
24 forward as an operator.

1 This is something that he's given a
2 lot of thought about and something that his 30
3 years of experience feels he can put together
4 the right team to create this operation that's
5 the right fit for a small community like
6 Somerset. I think that's why he focused and
7 was fixated on Somerset.

8 I spent a lot of time looking at the
9 regs. on what is an operator. Is it defined
10 anywhere? It's not necessarily defined in the
11 regs. just to kind of be clear on that answer.
12 So, I spent time with Mr. Hanlon today who
13 couldn't be here but wanted to be here but that
14 was his response.

15 COMMISSIONER MCHUGH: I hear that.
16 The reason I ask it is because it is unusual.
17 But more functionally there has to be the
18 assembly of a team. Obviously, he's not
19 going to be there in the morning to turn on the
20 lights and then turn the lights off at night
21 and everybody go home.

22 And the team to run an organization
23 like this is a complex team with complex
24 responsibilities all of whom likely have to be

1 investigated by the IEB before the Phase-1
2 process is finished.

3 So, the 25-day extension that you
4 request is that an extension in which Mr.
5 Hanlon will put together his entire team? Or
6 is that to get equity money? Or what's going
7 to happen in 25 days?

8 MR. ALLEN: It's a combination of
9 both. We would address the operation issue as
10 Director Wells and I discussed in her office on
11 Monday as well as the equity piece.

12 COMMISSIONER MCHUGH: You're
13 realistic that the operating team for this can
14 be put together in 25 days starting with Mr.
15 Hanlon?

16 MR. ALLEN: Well, Mr. Hanlon has
17 already submitted his application.

18 COMMISSIONER MCHUGH: No, no. I
19 should have been more clear, starting with one
20 person and building out from one person to a
21 team that's actually capable of operating a
22 facility?

23 MR. ALLEN: I can only tell you that
24 Mr. Hanlon was confident with that timing. And

1 listen, the bottom line is ultimately if you're
2 not satisfied with the operation he puts
3 together, then obviously that's going to be a
4 huge factor in the board's decision if you
5 don't feel the operation is appropriate for
6 this community. It's going to weigh against
7 them, obviously.

8 COMMISSIONER MCHUGH: Weigh against
9 them or weigh in favor of one by one over the
10 next who knows how long of people being added
11 with another request to extend the deadline or
12 change or do something. Very much bogging down
13 our ability to get things done. Okay. I hear
14 you.

15 CHAIRMAN CROSBY: Anything else?
16 Thank you folks. So, the issue on the table is
17 whether to extend 45 days for KG and/or 21 days
18 for Crossroads/Somerset.

19 COMMISSIONER CAMERON: Mr. Chair, I
20 actually think we have two issues. We started
21 to talk and Commissioner McHugh alluded to
22 thinking about the region as a whole as well
23 these two particular requests. And I do think
24 we should handle them separately. But I do

1 think that there are two issues that we should
2 at least talk about today.

3 CHAIRMAN CROSBY: Explain which --

4 COMMISSIONER CAMERON: The region as
5 a whole, meaning the question was asked of one
6 applicant and it's a question for us to talk
7 about, not just the issue with the tribe, the
8 issue with a market analysis, all of the
9 changes that occurred in gaming which will
10 affect our decision on what to do with Region
11 C.

12 When we started this in April 2013,
13 we had a lot of folks come before us and say,
14 hey, don't let the region fall behind. And
15 that was when we decided okay, the tribe has a
16 path to move forward and continue on. At the
17 same time, we would explore a commercial
18 license.

19 Now we are here almost two years
20 later and we're deciding and we're whether or
21 not to give more extensions, which to me is a
22 huge signal there's great risk in Region C.
23 And I just think that's something we need to
24 talk about. The things in thinking about

1 Commissioner McHugh's question, things that I
2 have thought about as well, I think it's time
3 for us to do a new market analysis, update the
4 one we had done on Region C.

5 So much has changed, meaning Rhode
6 Island the status has changed. Table games,
7 combined ownership, Connecticut is talking
8 about expansion. New Hampshire is through the
9 House. Plainville, we did not have the
10 decision in Plainville that the slots parlor
11 would go in that location when we decided to
12 open this up.

13 The compact was not renegotiated
14 with a zero for another casino in that region
15 at the time that we opened this up. So, lots
16 has changed. And I think it's time (A) for a
17 new market analysis, and (B) for an updated
18 status on all tribal decisions, all legislation
19 that have occurred in the last two years.

20 I know that there's even been a
21 recommendation to make an appointment to go
22 into the Bureau of Indian Affairs and ask what
23 is the status.

24 So, I think there's a lot we can do

1 as a Commission to update ourselves on changes
2 in the environment that will help us make an
3 informed decision with regard to Region C. So,
4 I think that's the region as a whole.

5 CHAIRMAN CROSBY: I get that. I
6 think that's important. And certainly all of
7 that goes to what Commissioner McHugh
8 reiterated, which we just said over time we
9 will when it comes down to decision time and as
10 we prepare for a decision, we will be assessing
11 everything out there.

12 We don't have anything on the agenda
13 for this topic for a broader discussion at the
14 moment. And I'm not sure that now is the time
15 to begin kind of have a freewheeling
16 conversation on that issue.

17 I'm perfectly fine with having it on
18 the agenda and having a conversation about it
19 and thinking about what other data, if any, we
20 need. I don't think this is the time really
21 for us particularly given that it's pushing
22 5:00.

23 COMMISSIONER CAMERON: Okay. I just
24 think it is all connected. I think if we want

1 to put it on the agenda for next time I think
2 that can be part of where we go moving forward
3 here. I think everyone would like to know what
4 our feelings are on the region.

5 And that is part of the indecision
6 whether it comes to money or putting a deal
7 together. I think that's important to do.

8 With regard to the request for
9 extensions, I am frankly not persuaded to do
10 that. We had one applicant. The last time we
11 did not extend the deadline. We gave folks
12 time to cure their deficiencies, which in my
13 mind there was always a distinction. We were
14 not extending the deadline. We have done that
15 two or three times depending on semantics.

16 And people knew they had the time to
17 cure those deficiencies. They were issued
18 letters. I think our deadlines matter. And I
19 was not persuaded. I understand how KG Urban
20 did everything they could, but I was not
21 persuaded by the Mayor on really not paying
22 attention to those deadlines, and not paying
23 attention to the time to cure the deficiencies.
24 I understand fully what his points are, but I'm

1 not persuaded that we should extend at this
2 time.

3 Certainly, Somerset in my mind is
4 not even close to having a deal there. That
5 was not persuasive to me at all to move forward
6 with another extension at this time.

7 COMMISSIONER ZUNIGA: There is a
8 significant piece that is missing from these
9 two, the two applicants that are requesting in
10 my view, which I do view connected to the
11 market and the risk in that region.

12 I have this feeling that the reason
13 it's taking them this long and continues to
14 take them long and notwithstanding the recent
15 momentum and the dramatic new HCA, for example,
16 there is a major component with the equity.
17 And I cannot help but think -- but wonder
18 whether the equity will remain in the sidelines
19 or it's very close to getting up from the
20 sidelines because there's this added element of
21 risk and this unique piece on this region.

22 I've made the case before you, my
23 colleagues that this minimum capital investment
24 may be a big hurdle in and of itself. We fine-

1 tuned that a little bit by including some of
2 the costs that we have previously excluded but
3 not all of them. And that's still a very high
4 bar.

5 And I wonder if the market is
6 reacting to that not just the capital
7 investment but everything else, the prospect of
8 the tribe, whatever additional developments
9 we've had. We've awarded three licenses,
10 right? And that bears into the development,
11 the certainty, I guess, of those projects. The
12 coming to fruition of those projects could be
13 having a chilling effect on this other region.

14 So, I do see your point,
15 Commissioner, about perhaps having to study, do
16 a refresher. It's not a de novo market
17 assessment because the framework would work.
18 There could be a refresher that we could do
19 with pinpointing the location. I still think
20 that it's the most challenging region because
21 it is less populated and has a less market
22 potential.

23 CHAIRMAN CROSBY: So, how does that
24 bear on to extend or to not?

1 COMMISSIONER ZUNIGA: I am reluctant
2 to extend it. I think the market is answering
3 the way it's answered. We just need a little
4 bit more time. We're almost there but we don't
5 have the full piece.

6 And I see the big important piece
7 missing is that equity. The equity I think is
8 important because they are ultimately the last
9 ones to get paid. And therefore the ones who
10 really think about the risk of the economics of
11 this market.

12 And the dealmakers will continue to
13 try to make a deal and that's what they get
14 compensated to do. It's great that they're
15 making great progress. But the equity, the
16 group that gets paid at the end is the one that
17 ultimately is looking at all of these risk
18 factors. And I wonder if they are just a
19 little too high.

20 COMMISSIONER MCHUGH: I come at
21 this from a little bit different starting
22 point. This is really a tough problem. I
23 think we all feel that it's a tough problem.
24 But I come at it from a little different

1 starting point.

2 And the starting point is the
3 statute and the purpose of the statute. The
4 statute is designed to create an economic
5 engine or engines. It's designed to create
6 jobs. It's designed to create both permanent
7 and construction jobs. And it's designed to
8 help reach into, at least as we have applied
9 it, into communities that are having difficult
10 economic times and boost the economics.

11 The deadline is not an end in of
12 itself. I come from an environment where
13 deadlines are important but they're not
14 inflexible. And a deadline is an aid to a
15 result. It's one thing for a deadline to pass
16 by a year and have somebody come in and want to
17 start all over when we're a year down the road
18 in the middle of something else, and somebody
19 pops in and says by the way I finally got my
20 equity put together. But nobody's left the
21 starting gate yet.

22 So, the deadline has produced a
23 concrete result after a long period of
24 dithering, notwithstanding the fact that equity

1 money is still out there is realistic and
2 tangible and has now a united political backing
3 in New Bedford. I'm going to talk in a minute
4 about Somerset. I also think that -- I
5 recognize that the position the equities of the
6 position taken by the other applicant.

7 And I recognize that thoughtful as I
8 always have contributions and thoughts and
9 expressions by Mayor Units who has done
10 marvelous for that city over the years.

11 But this statute expressly says that
12 nobody has a privilege -- that the license is a
13 privilege. Nobody has got a lock on it.

14 And I think the effect of saying
15 that we are not going to move the deadline
16 under these circumstances because we've set it
17 and because the equities that Mayor Units
18 advanced would be in effect to say that we are
19 deciding an important economic issue, an
20 important jobs issue, an important inner-city
21 development issue simply on the basis of a
22 deadline that in the long run is not going to
23 hinder our passage down the road by a
24 significant amount.

1 As I say it'd be a different story
2 if we were six months, eight months, a year
3 down the road. We've waited for two years. I
4 still think all of the things that my colleague
5 Commissioner Cameron has said are things that
6 I'm very interested. And I'm not convinced
7 about what the economics will show. A lot has
8 changed. And I think we need to look at that
9 very carefully.

10 But I think we need to look at it
11 carefully on the merits and not use a deadline
12 as a proxy for avoiding looking at it. In
13 fact, we can't avoid looking at it because we
14 have an applicant who is qualified and whose
15 application is going to go forward. So, we're
16 going to look at it anyway. We're at the
17 starting gate.

18 I am of the opinion, I'd still like
19 to hear what my other colleagues have to say
20 but I'm of the opinion that we ought to grant
21 for the New Bedford package an extension of the
22 deadline that they are seeking.

23 I put the Somerset application in a
24 different category, but maybe we ought to give

1 them the same right. I just don't see how in
2 21 days this can be fixed. I recognize Mr.
3 Allen's remarks. I recognize the energy that
4 is being brought to bear by the elected
5 representatives. I know how difficult this is.

6 But I just think that they are just
7 so far away that it can't possibly be put
8 together. That raises the specter of dribs and
9 drabs coming in over the next year as various
10 pieces of this are assembled to try to make a
11 viable operating entity. I think the
12 likelihood that that is going to is
13 unrealistically raising expectations that are
14 ultimately going to be dashed. So, I will
15 stop. That's what I have.

16 CHAIRMAN CROSBY: Commissioner
17 Stebbins?

18 COMMISSIONER STEBBINS: The first
19 piece of this that occurs to me is I worry
20 about the capacity of our team, and especially
21 the IEB team to conduct thorough and suitable
22 investigations into what primarily are
23 financial partners. As we talked about with
24 one project who are all of the operator, key

1 gaming employees going to be.

2 I worry about us doing a disservice
3 to the communities at-large in terms of being
4 adequately able to go through investigate,
5 interview, conduct suitability hearings on the
6 people that are still obviously missing pieces
7 to some of this equation and some of these
8 projects. I feel we owe that to the voters
9 when they go to the polls to vote on an HCA.

10 I'm not sure I see a way through if
11 we extend the deadline that it's not moving our
12 other dates to, just to be fair, the date of
13 the RFA-2 deadline.

14 I take to heart Commissioner
15 Cameron's thoughts. This is a different
16 environment. We've always talked about the
17 challenge for Region C. You see all the other
18 activity happening. The location of one of our
19 own facilities, the slots parlor in a nearby or
20 adjacent vicinity in this region.

21 Have some of the economic dynamics
22 changed? Maybe that's something that we
23 continue to look at on a parallel path if we
24 decide to let one, two or three of these

1 applicants or projects kind of move forward.

2 I also think that we need to get to
3 the extent they can give us some feel for the
4 future of the tribe's proposal. We always knew
5 that would be a factor.

6 I don't know how we think about
7 extending these deadlines for these requests
8 without thinking of the end of May RFA-2 date
9 giving cities and towns and more importantly
10 our internal team the time to do what they need
11 to do.

12 CHAIRMAN CROSBY: If we do this, I
13 definitely think we should take a relook at all
14 of the schedule. It would be totally not fair
15 and not reasonable to not. So, I think as a
16 practical matter, if we're talking about a
17 material extension we're talking about wanting
18 to change the whole schedule out by some amount
19 of time.

20 To be honest, if it were merely the
21 Crossroads -- I'm somewhat similar to
22 Commissioner McHugh. If it were merely the
23 Crossroads request, we're close, give us a
24 little bit more time, I'm not sure that I'd be

1 inclined to go for that. Crossroads doesn't
2 have a great record about being timely in its
3 submissions to us for a while now.

4 But the New Bedford situation is
5 pretty dramatically different. Will they get
6 it or not, I don't know. But there is a huge
7 change and one that I never would have expected
8 to happen. I thought New Bedford was dead as a
9 doornail. The fact that it has happened is a
10 huge change.

11 And in that case, it brings me back
12 to what we had repeatedly said were the two
13 most important variables in this process. One
14 is the integrity of the process, and two is
15 competition because only with competition can
16 we get the best for the people of
17 Massachusetts.

18 And I think if we had another or two
19 it would be very much in the Commonwealth's
20 interest, and give us the greatest range of
21 options given whatever else we come up with as
22 time progresses. So, I think it would be a
23 real loss to not -- to stick to this sort of
24 semi-technicality for the loss of the greater

1 good, which is a competitive environment.

2 If we do it, I think we should
3 extend everything for sure by at least a
4 similar amount. I would be in favor of
5 granting the New Bedford request. And I think
6 as a practical matter if we're going to do that
7 there's really no harm in extending Crossroads
8 too. If they make it, they make it given the
9 same period of time.

10 Given the weighing, the trade-offs
11 here -- There are tough trade-offs. But when
12 you are talking about adherence to a deadline
13 versus the potential for competition for this
14 license, I think I come down on the potential
15 for competition.

16 COMMISSIONER ZUNIGA: I view
17 competition differently, especially with what
18 has happened already. Yes, the first time when
19 we did our first solicitation there was a big
20 focus attracting as many operators as we could
21 trying to get a robust response.

22 But I think we've learned a lot
23 throughout. And we have awarded licenses that
24 make this a very competitive and saturated

1 region.

2 Now we have three licenses to worry
3 about their sustainability, their long-term
4 profitability that we've awarded. The projects
5 have begun. They are effectively, in my view,
6 competing with a third commercial license,
7 notwithstanding the prospect of a fourth one.
8 So, there's plenty of competition to go along
9 here.

10 I think the view of competition only
11 for the Phase-2 stage is a little misguided, in
12 my opinion. There is still this significant
13 hurdles that they have to meet, the minimum
14 capital investment, the suitability, very high
15 bars in and of themselves.

16 And they have to make money, the
17 return on investment. So, it comes from the
18 market that's available. I know that the
19 market has grown since we have awarded the
20 licenses in the rest of the state. The
21 prospects have shrunk a little bit with some of
22 the comments that Commissioner Cameron was
23 making.

24 For example, Connecticut is now

1 talking about expanding some of those hotels,
2 the same case for Rhode Island. And New
3 Hampshire continues to be a prospect. So, I
4 think talking about competition by region in
5 this case is a little bit -- I just view it
6 differently. I know what you mean. And I know
7 that was a big priority for us, but I think
8 there are many other dynamics here that
9 eventually affect our decision.

10 CHAIRMAN CROSBY: That consideration
11 is whether we would award a license at all and
12 to whom. If we do award a license, is it
13 better to be close to Plainville or far away
14 from Plainville, or close to Rhode Island or
15 far away from Rhode Island?

16 That issue of competition, is it the
17 right thing to do, does it fit with the tribal
18 situation whatever it is, that is one
19 competitive environment that we make a decision
20 on when we end up making a decision on whether
21 there's one or two or three applicants.

22 But the competition I'm referring to
23 is just making sure whatever we get to consider
24 in Southeastern Mass., we clearly would be

1 better off, I think, having competition in
2 Southeastern Mass. for us to be picking among
3 and on which to factor.

4 If we don't have any other bidders,
5 we won't be able to think about whether it's a
6 good idea to be closer to Plainville or closer
7 to Boston or farther from Plainville or farther
8 from Boston. I agree that there's various
9 competitive situations, there's various
10 competitive prisms, but this one I think is
11 very much relevant.

12 COMMISSIONER ZUNIGA: If you
13 presuppose that once you get two competitors
14 you're going to pick one, then your logic
15 holds.

16 I think we are still in the prospect
17 of do we award a commercial license here, which
18 gets us back to the point that Commissioner
19 Cameron was making. And we don't need two for
20 that decision.

21 I think there's a unique challenge
22 in this region from way back when because of
23 the prospect of that fourth casino that changes
24 the economics significantly. So, we may end up

1 at the same place just with a half step in
2 between. But I think there's a case to be made
3 to the point that Commissioner Cameron was
4 making. Maybe we can just refresh the market
5 study and try to come back to this sooner
6 rather than later. I view it as already
7 challenging in and of itself.

8 The problem with our process is that
9 that analysis only comes after Phase 2 when
10 Phase 2 is submitted. That's our catch-22 of
11 sorts.

12 COMMISSIONER MCHUGH: Well, I'm not
13 sure that it does. That's why I asked that
14 question that I asked. We have a Phase 1 and
15 Phase 2 process. And we used the Phase 1 and
16 Phase 2 process now with three successive
17 license proceedings.

18 That doesn't mean we can't tailor it
19 in this one to get at that question earlier
20 rather than later before there are votes and
21 expenditures of energy on a whole variety of
22 things when we may conclude that the economics
23 don't support it, support a license in this
24 area.

1 I think that we're going to have
2 one. And the idea that we may come to the end
3 of the process and say no, it's not
4 economically viable to put a casino there. But
5 we also may come to the conclusion that it is.

6 And if we come to that conclusion,
7 it seems to me the Commonwealth's interest is
8 much better served by having two to choose from
9 rather than one. There is it seems to me the
10 competition drives something better.

11 Besides the idea that you say to a
12 community that's got a 17 percent unemployment
13 rate and a brownfield in the middle of the city
14 that we are not going to do anything for your
15 unemployment rate or consider doing anything
16 for your unemployment rate, or cleaning up a
17 brownfield that nobody else wants to clean up
18 because you were 45 days late giving us
19 something to think about. I have significant
20 difficulty with that.

21 I want to just respond to
22 Commissioner Stebbins thoughtful point, always
23 thoughtful about the impact on the IEB. And I
24 recognize that there is an impact on the IEB

1 from requiring the background investigations at
2 a time when we're really ramping up for a
3 variety of other things. This is a crunch
4 time.

5 But I do think that the applicants
6 have to bear the cost of that. And we could
7 find a way to deal with that if we need to
8 through consultants and others and make the
9 applicants pay the price of moving this back
10 and putting it right in the middle of the time
11 when we are occupied with a variety of other
12 things.

13 So, I don't think Commission
14 constraints are a reason that we shouldn't
15 extend the deadline. I think we could find a
16 way to do it, find a way to make the applicants
17 bear the cost of that.

18 COMMISSIONER CAMERON: I think we do
19 communities as much of a disservice by just
20 moving forward with this process and not
21 addressing our concerns about the region sooner
22 rather than later.

23 So, I would just advocate that we no
24 matter what the outcome of the extension is, we

1 move forward sooner rather than later with an
2 updated market analysis, an updated status on
3 the tribal matters in the last couple of years,
4 as well as pending litigation and any other
5 factors that we deem would help us, inform us
6 better at this time about the region.

7 I just think that's something that's
8 really important. I think it's unfair to let
9 people spend an awful lot of money with the
10 understanding that we will in fact issue a
11 license when I just don't want that to be the
12 assumption.

13 CHAIRMAN CROSBY: Just to be totally
14 clear, we have never said that we would for
15 sure issue a license.

16 COMMISSIONER CAMERON: I know.
17 That's how I started the conversation, but I
18 just think at this time it is time to be better
19 informed about the issues because so much has
20 changed.

21 CHAIRMAN CROSBY: I am with you on
22 that. Interestingly, and you're particularly
23 sensitive to this Commissioner Zuniga, one of
24 our bidders if I'm right about this, Rush we

1 know to be very hard-nosed about return on
2 investment issue. They at one point looked at
3 Region C, tried to get us to make a concession
4 in terms of a financial threshold that had to
5 be attained.

6 We decided and I think we were right
7 that we would not compromise on changing the
8 fundamental amount of money that needs to be
9 invested because I think as we've decided that
10 destination resort casinos are what we want.
11 And if the market can't bear it then we won't
12 have one.

13 Rush has looked at all of the same
14 set of facts that we have looked at and has
15 come back later on, now and said you know what,
16 we are in.

17 COMMISSIONER CAMERON: But they have
18 also asked repeatedly for us to weigh in on how
19 we feel about this.

20 CHAIRMAN CROSBY: I am with you on
21 that.

22 COMMISSIONER MCHUGH: I'm with you
23 on that too.

24 COMMISSIONER CAMERON: So, they are

1 reserved.

2 COMMISSIONER ZUNIGA: At the risk of
3 repeating myself a little bit, it's not just
4 the 45 days. There's been a lot of time.

5 And I understand and I remember all
6 of the steps in between the referendum and
7 etc., etc. But there has been ample time for
8 everybody, municipal officials and operators
9 and dealmakers and equity investors. And it
10 just feels that we've done this and we've had
11 this discussion in some form or another a
12 number of times.

13 And I'm just picking up on the
14 questions we were asking of our applicants. We
15 could considerably be here 45 days from now
16 having another similar request saying we just
17 need a little bit more time. One of the
18 objectives, the same objective actually
19 economic development, jobs, revenues, works in
20 the way of sooner rather than later. It
21 doesn't just point us in the way of one day,
22 which makes the decision that much more
23 difficult.

24 CHAIRMAN CROSBY: As I've said, if

1 they were just saying we need a little more
2 time, we're close, I think I would say no. But
3 I do think there is a dramatic change in events
4 than just coming in and saying, hey we just
5 need a few more days. But I've said my point.

6 Does anybody else have further
7 comments to make before we put this to a vote?
8 It seems to me we ought to do it seriatim. We
9 ought to first vote on the New Bedford
10 extension or not. And then vote on the other
11 one. Does somebody want to Commissioner?

12 COMMISSIONER STEBBINS: Are we
13 planning to look at those two votes and then
14 address a longer-range schedule issue?

15 CHAIRMAN CROSBY: I think we've all
16 agreed that a longer-range schedule will have
17 to be. If we grant an extension, the longer-
18 range schedule will have to be changed to
19 accommodate this. But I don't think we were
20 going to plan on doing it now.

21 I think we say to Director Day and
22 to the IEB, all right, 45 days if that's what
23 we were to decide, have gone by. We've got a
24 whole bunch of other things going on to try to

1 open Plainridge on time. Let's rethink RFA-2
2 and whenever the decision date would be.

3 I think we've all agreed that we
4 will have to reschedule to accommodate our
5 internal needs if we decide to grant an
6 extension.

7 COMMISSIONER MCHUGH: Yes. I agree
8 with that. And I would very much like to think
9 about and when we have that second discussion
10 discuss the stress testing and what will the
11 market bear with and without a tribal casino,
12 and do all of the other things that
13 Commissioner Cameron stated, because I too
14 think we have got to come to grips or at least
15 narrow the focus by the time we get to the RFA-
16 2 decision of what it is that we are going to
17 do and what the economic circumstances are in
18 which economic environment in which we are
19 attempting to make a decision.

20 I don't how to do that yet but I do
21 think we need to discuss that as part of the
22 scheduling discussion.

23 COMMISSIONER ZUNIGA: Well, I would
24 venture that there's additional key data, some

1 of which we just heard here today, community
2 commitments, payments, etc. in addition to a
3 lot of points that we've ironed out could
4 enable our consultants to come back with a
5 position paper.

6 COMMISSIONER MCHUGH: Yes.

7 COMMISSIONER STEBBINS: It bears
8 repeating but this body has always been clear
9 that just because we have three licenses to
10 award doesn't mean that we will award three
11 licenses. I think that's well known by
12 everybody in this room, but certainly a message
13 that bears repeating to the people in the
14 communities that will be affected by this.

15 CHAIRMAN CROSBY: Agreed. Are we
16 all right to vote first on New Bedford and then
17 on Somerset? Does somebody want to --

18 COMMISSIONER MCHUGH: I move that
19 the time for the New Bedford interest to file
20 the completed RFA-1 application that is the
21 operator, the equity money and the third
22 prong --

23 MS. WELLS: Their complete table of
24 organization.

1 COMMISSIONER MCHUGH: -- their
2 complete table of organization be extended for
3 45 days from today.

4 CHAIRMAN CROSBY: Second?

5 MR. ZIEMBA: Commissioner, can I
6 just interject? I believe 45 days falls on a
7 Sunday.

8 COMMISSIONER MCHUGH: Okay, 46 days
9 then, Monday.

10 MR. ZIEMBA: I believe that's
11 correct, Monday, May 4.

12 COMMISSIONER MCHUGH: Monday, May 4,
13 great, much more precise. Thank you.

14 CHAIRMAN CROSBY: I'll second. I
15 think this will be a roll call, Commissioner
16 Cameron?

17 COMMISSIONER CAMERON: Nay.

18 CHAIRMAN CROSBY: Commission McHugh?

19 COMMISSIONER MCHUGH: Yes.

20 CHAIRMAN CROSBY: Commissioner
21 Stebbins?

22 COMMISSIONER STEBBINS: Yes.

23 CHAIRMAN CROSBY: Commissioner
24 Zuniga?

1 COMMISSIONER ZUNIGA: No.

2 CHAIRMAN CROSBY: And I vote yes.

3 So, the motion passes three to two. Correct?

4 Now we will consider whether -- My suggestion

5 would be that what we consider is whether or

6 not to give the second bidder the same

7 deadline. I don't think we want to give two

8 different deadlines. As long as we've adopted

9 a 45-day deadline -- is that all right with

10 everybody? Are you okay with that? Okay.

11 Commissioner McHugh?

12 COMMISSIONER MCHUGH: I move that

13 the Somerset interest, the deadline for the

14 Somerset interest to file their completed RFA-1

15 application including the same three elements,

16 the table of organization, equity and operator

17 be extended until May 6, 2015.

18 COMMISSIONER CAMERON: May 4.

19 MR. ZIEMBA: May 4 is Monday.

20 COMMISSIONER MCHUGH: Oh, okay. May

21 4, sorry, it's late.

22 CHAIRMAN CROSBY: Second?

23 COMMISSIONER STEBBINS: Second.

24 CHAIRMAN CROSBY: Commissioner

1 Cameron?

2 COMMISSIONER CAMERON: Nay.

3 CHAIRMAN CROSBY: Commissioner

4 McHugh?

5 COMMISSIONER MCHUGH: Yes.

6 CHAIRMAN CROSBY: Commissioner

7 Stebbins?

8 COMMISSIONER STEBBINS: Yes.

9 CHAIRMAN CROSBY: Commissioner

10 Zuniga?

11 COMMISSIONER ZUNIGA: No.

12 CHAIRMAN CROSBY: I vote yes. So,
13 the motion passes three to two. All right. I
14 have a very, very, hard -- Do you have
15 something?

16 MS. WELLS: I just recognize we have
17 these temporary license requests. And I think
18 there are representatives from KGM and
19 Multimedia that's been here all day.

20 CHAIRMAN CROSBY: I think we're
21 going to stay. I had a really hard stop at
22 five, not thinking we'd go this long. And I
23 was going to ask if it's okay, Commissioner
24 McHugh, if I adjourn myself and let you take

1 over for the last?

2 COMMISSIONER MCHUGH: Yes.

3

4 (5:10 p.m. Chairman Crosby exits
5 meeting room.)

6

7 MR. DAY: Are we ready to move on to
8 finish the agenda at this point?

9 MS. WELLS: Commissioner McHugh,
10 next --

11 COMMISSIONER MCHUGH: Let's just
12 wait for five minutes. Understandably we're
13 going to lose a few members of the audience
14 that need to talk about things on their way out
15 the door or want to talk about things.

16 MS. WELLS: If they are still here,
17 I believe Jason Peters from KGM and Lara Cox
18 from Multimedia are here and can come to the
19 front if there are any questions from the
20 Commission on the license request.

21 Commissioners next on the agenda
22 this afternoon is a request from Penn National
23 for two temporary licenses for primary gaming
24 vendors, KGM Gaming and Multimedia Gaming.

1 Under CMR 134.12 upon petition to
2 the Commission by a gaming licensee, the
3 Commission may issue a temporary license if two
4 conditions are met. One the applicant has
5 filed a complete application with the
6 Commission. And two, the gaming licensee
7 certifies and the Commission finds that the
8 issuance of a temporary license is necessary
9 for the operation of the gaming establishment.
10 It's not designed to circumvent the normal
11 licensing procedures.

12 I can confirm that the Division of
13 Licensing has deemed both applications complete
14 and the licensee has certified the requisite
15 requirements.

16 In both cases, Penn has indicated
17 this temporary license is necessary for the
18 operation of the gaming establishment as the
19 licensee is planning to purchase slot machines
20 from both companies and have them delivered
21 shortly in order to open up on schedule.

22 There is no information to suggest
23 this in an attempt to circumvent the normal
24 licensing procedures. The standard of review

1 under CMR 134.12 section 3 is that a temporary
2 license may be issued upon a finding that the
3 license is reasonably likely to be issued upon
4 completion of the investigation.

5 The first petition is for KGM
6 Gaming, LLC. KGM Gaming, formerly known as
7 Keystone Gaming Machines, LLC was organized as
8 a Pennsylvania limited liability company on
9 November 5, 2003.

10 On March 4, 2005 Keystone Gaming
11 Machines, LLC filed a certificate of amendment
12 with the Pennsylvania Department of State
13 Corporation Bureau to change the name on the
14 company to KGM Gaming, LLC.

15 The applicant has no direct entity
16 affiliates and is comprised of four natural
17 person members, managing member Howard Weiss
18 and we also have Jason Peters, Jason Cohen and
19 Michael Furtoni. Three of the four members
20 including Howard Weiss, Jason Peters and Jason
21 Cohen have been deemed qualified individuals by
22 the Commission. Due to his minimal equity
23 interest, Michael Furtoni has been waived as a
24 qualifier.

1 The registered office is in
2 Philadelphia, Pennsylvania. The applicant is
3 organized to provide Ainsworth products
4 including slot machines, slot bases, custom
5 casino seating, casino signage to and in
6 connection with the licensed gaming entities.
7 In short, they are a distributor for Ainsworth.

8 Ainsworth was approved for a
9 temporary license at the last Commission
10 meeting. KGM is licensed in over a dozen
11 jurisdictions including New Jersey, Ohio,
12 Pennsylvania and Delaware. A preliminary State
13 Police and financial division review has not
14 produced any information that would preclude a
15 finding that KGM possesses the requisite
16 qualifications for the issuance of a temporary
17 license. And therefore at this time appears
18 reasonably likely to obtain full licensure
19 after a complete review.

20 I can go onto the summary on the
21 second and you vote at the same time if that is
22 how the Commission would like to.

23 COMMISSIONER MCHUGH: Did you say
24 they were a sub of Ainsworth?

1 MS. WELLS: No. They're a
2 distributor for Ainsworth. So, they're a
3 separate application but they work together.

4 COMMISSIONER MCHUGH: Okay, thanks.

5 MS. WELLS: I'll proceed and then
6 maybe you can vote on the two together.

7 COMMISSIONER MCHUGH: Sure.

8 MS. WELLS: The second petition is
9 from Multimedia Gaming, Incorporated.
10 Multimedia Games was incorporated in the state
11 of Delaware in 1993 under the name MGMC
12 Acquisition Corporation. Through various name
13 changes and mergers, the name was changed to
14 Multimedia Games in April 2011.

15 It is a privately held closed
16 corporation with 1000 shares of common stock
17 issued. All stock is held by Multimedia Games
18 Holding Company, Inc. the parent company of
19 Multimedia Games.

20 Multimedia Games designs,
21 manufactures and supplies innovative standalone
22 and network gaming systems to Native American
23 and commercial casino operators in North
24 America, domestic and selected international

1 lottery operators and charity and commercial
2 bingo gaming facility operators.

3 With the recent acquisition in
4 December 2014 by Global Cash Access Holdings,
5 Inc., its current workforce totals 900
6 employees and is headquartered in Las Vegas,
7 Nevada.

8 There are two entities which are
9 deemed qualifiers under this application filing
10 to be licensed as a gaming vendor primary in
11 the Commonwealth. In addition, to the
12 aforementioned suitability investigations are
13 being conducted on Multimedia Gaming Holdings
14 and Global Cash Access Holdings. The
15 investigation is sensed to four individual
16 qualifiers David Hartman, Juliet Lim, Ram Chary
17 and Randy Taylor.

18 Multimedia Gaming is currently
19 licensed in 31 states and licensed by four
20 international gaming jurisdictions including
21 the Bahamas, Ontario, British Columbia and
22 Peru. Similar to KGM, preliminary state and
23 financial division review have not produced any
24 information that would preclude a finding that

1 Multimedia Gaming possesses the requisite
2 qualifications for the issuance of a temporary
3 license, and therefore at this time appears
4 reasonably likely to obtain full licensure
5 after a complete review.

6 Both entities have submitted the
7 requisite certifications under the CMRs. At
8 this time they are petitioning. There are
9 representative here if you have any questions
10 or can give you more information about the
11 companies.

12 COMMISSIONER MCHUGH: You've been
13 here all day. Would you like to say at least
14 few words, each of you? You're not required to
15 but if you'd like to say a few words, here's
16 your opportunity.

17 MS. COX: Absolutely, good
18 afternoon, Commissioners. I'm Laura McAllister
19 Cox. I'm an attorney with the law firm
20 Greenberg Traurig and I'm representing
21 Multimedia Games.

22 We thank you for the opportunity to
23 meet with you today. Very excited about being
24 part of the vendor process here in

1 Massachusetts. And we'd very much like to
2 thank licensing division and IEB for their work
3 with us through this process. And appreciate
4 it's been a long day and it's been very
5 interesting.

6 COMMISSIONER MCHUGH: That was
7 succinct. Good afternoon.

8 MR. PETERS: Good afternoon,
9 Commissioners. Thank you for having us here. I
10 just wanted to say that we are excited to be
11 able to hopefully ship some of the first
12 products into the state of Massachusetts
13 regarding gaming machines and other products.
14 We're excited to do business in the state.

15 COMMISSIONER MCHUGH: And I missed
16 your name, Sir.

17 MR. PETERS: Jason Peters, I'm
18 president of KGM.

19 COMMISSIONER STEBBINS: Sorry to
20 take you away from your company all day.

21 Mr. Chairman, I would move that the
22 Commission approve KGM and Multimedia Gaming
23 for temporary key gaming --

24 MS. WELLS: Temporary primary vendor

1 license.

2 COMMISSIONER STEBBINS: -- temporary
3 primary vendor license subject to ultimate
4 finding of suitability by the IEB.

5 COMMISSIONER CAMERON: Second.

6 COMMISSIONER MCHUGH: Any discussion
7 on that?

8 COMMISSIONER CAMERON: Director
9 Wells, you mentioned that IEB did have a chance
10 to do a preliminary look.

11 MS. WELLS: State police and
12 financial felt comfortable.

13 COMMISSIONER CAMERON: Okay, thank
14 you.

15 COMMISSIONER MCHUGH: Any other
16 discussion? All in favor the motion, aye.

17 COMMISSIONER CAMERON: Aye.

18 COMMISSIONER ZUNIGA: Aye.

19 COMMISSIONER STEBBINS: Aye.

20 COMMISSIONER MCHUGH: All opposed?
21 The ayes have it unanimously. Thank you both
22 very much.

23 MS. WELLS: Commissioners on a
24 related matter, given the volume and scheduling

1 for anticipated temporary primary vendor
2 licenses and key gaming employee licenses, I've
3 been in discussion with General Counsel Blue
4 about seeking delegation to allow the IEB to
5 approve those temporary licenses during this
6 time period while Penn is trying to open.

7 And I'll turn that over to Catherine
8 Blue regarding sort of the discussion on that.
9 But I think that might be helpful given the
10 Commission's two-week schedule between
11 Commission meetings. That may become
12 problematic and this may be a helpful tool.

13 MS. BLUE: So, the Commission has
14 seen before a temporary license is granted the
15 IEB does a preliminary review but they come
16 before the Commission and they ask for your
17 approval to issue the temporary license.

18 COMMISSIONER MCHUGH: Just like what
19 we did?

20 MS. BLUE: Yes. The regulations
21 require them to do that for all manner of
22 licenses. So, as we look forward to see what
23 we need to do to make sure we're not holding up
24 Penn's opening and that we're processing things

1 through, I would request that the Commission
2 grant to the Director of the IEB a delegation
3 of authority to grant temporary licenses
4 without coming before you with the proviso that
5 at the next available meeting she comes before
6 you with a list of the licenses she has
7 granted, a brief summary of who they are and
8 what they've been granted, the kind of review
9 she's done up to that point. And also knowing
10 that she will come before you for approval to
11 grant a full temporary license and a full
12 license down the road at some point.

13 MS. WELLS: So, is this almost like
14 a temporary temporary license?

15 MS. BLUE: Well, I don't want to
16 make it more complicated, but I think if we let
17 the IEB Director grant a temporary license
18 through a delegation, she will come back to you
19 for the permanent license.

20 But in the interim, she can report
21 to you who she has granted it to, what kind of
22 license it is, a little bit about the person or
23 the entity that's received it.

24 That license under the regulation is

1 good for six months. You can decide that the
2 delegation does not permit an extension of that
3 if you feel more comfortable. We just think
4 that would allow us to process some of the
5 necessary licenses in a more timely fashion.

6 COMMISSIONER CAMERON: Certainly,
7 Director Wells you would've done the same kind
8 of review you did before granting that
9 temporary license which was the review by State
10 Police and the financial investigators?

11 MS. WELLS: Yes. We in fact have a
12 standard protocol for that. So, that protocol
13 would be followed before it gets to me. And we
14 also have a protocol with a form where the
15 State Police and IEB both sign off on the
16 temporary license before it would be sent over
17 to licensing before the Commission. So, we
18 already have those procedures in place.

19 COMMISSIONER STEBBINS: I think
20 that's a suitable step instead of waiting every
21 two weeks. We just want our licensee to be
22 mindful of being a partner on the other end of
23 this getting us the information and getting the
24 key employees lined up as soon as possible.

1 COMMISSIONER ZUNIGA: I am very
2 comfortable with that delegation of authority.
3 Just like you outlined Counsel, for the
4 temporary license I think it will be very
5 helpful in this crunch time before the opening
6 of the slots parlor.

7 We cannot really predict how some of
8 these requests are going to arrive or how many
9 arrive at a given point. And you need all the
10 flexibility you can have, in my view, to grant
11 those licenses without compromising the
12 investigation obviously.

13 MR. DAY: Catherine was the
14 delegation request included primaries or was it
15 for key gaming and gaming employees?

16 MS. BLUE: It's for all temporary
17 licenses because the regulation requires that
18 all temporary licenses, no matter the type,
19 come before the Commission before they can be
20 granted.

21 MR. DAY: And for six months
22 essentially, six months temporary.

23 MS. BLUE: The temporary license
24 could be for six months but with no right to

1 renew it for an additional six.

2 COMMISSIONER MCHUGH: How are we
3 going to keep track of how many of these things
4 are out there? Maybe we don't have to worry
5 about that. You will keep track of how many of
6 these things are out there.

7 MS. WELLS: The temporary licenses?

8 COMMISSIONER MCHUGH: Yes.

9 MS. WELLS: Yes, Sir. I have a
10 spreadsheet. And we have a tracking mechanism
11 also in LMS.

12 COMMISSIONER MCHUGH: So, if we ever
13 wanted to find out at some point, how many of
14 these temporary licenses were still temporary
15 as opposed to --

16 MS. WELLS: I have it absolutely.

17 MR. DAY: I think in Catherine's
18 delegation request we would provide you
19 actually an updated list so you could be sure
20 to know how many of those have been granted.

21 COMMISSIONER MCHUGH: Any further --
22 What about the six month only, the six-month
23 nonrenewable piece of this that General Counsel
24 Blue suggest that we do? It seems to me

1 notwithstanding the fact that the IEB is going
2 to do a thorough job that because we are
3 departing from the regulation that's a good
4 sort of safeguard to put in place.

5 MS. WELLS: The temporary license by
6 regulation is only good for six months. So, I
7 think in effect what it means is it can go
8 through me once, but if you want to have an
9 additional temporary license maybe
10 investigation is not complete or something like
11 that then you have to go before the Commission.
12 I think that's more than reasonable.

13 COMMISSIONER MCHUGH: Oh, I see.
14 The temporary license expires in six months.

15 MS. WELLS: Correct.

16 COMMISSIONER MCHUGH: It can't be
17 rolled over. You have to get a new one.

18 COMMISSIONER ZUNIGA: And that one
19 goes to us.

20 COMMISSIONER MCHUGH: And that would
21 come before us, okay.

22 MS. WELLS: I think that's fair.

23 COMMISSIONER MCHUGH: So, we could
24 make that part of this authorization. The

1 first one you can do or the IEB can do and
2 anymore come to us. Okay. Any further
3 discussion or questions? Does somebody want to
4 make a motion?

5 COMMISSIONER CAMERON: I move that
6 we authorize Director Wells and IEB to grant
7 temporary licenses when they finish their
8 initial review to be brought before us at the
9 next Commission meeting for an update. And
10 they are good for six months only.

11 COMMISSIONER MCHUGH: Is there a
12 second for that?

13 COMMISSIONER ZUNIGA: Second.

14 COMMISSIONER MCHUGH: Any further
15 discussion on that seconded motion?

16 COMMISSIONER ZUNIGA: And you
17 continue to report those periodically, right?

18 MS. WELLS: Correct.

19 COMMISSIONER ZUNIGA: You won't
20 necessarily have to wait until the six months
21 expired to report to us.

22 MS. WELLS: Right.

23 COMMISSIONER MCHUGH: No further
24 discussion? All in favor, aye.

1 COMMISSIONER CAMERON: Aye.

2 COMMISSIONER ZUNIGA: Aye.

3 COMMISSIONER STEBBINS: Aye.

4 MS. WELLS: Thank you and there is
5 one more matter before the Commission.
6 Attorney Lillios is here regarding minor
7 protection regulation.

8 MS. LILLIOS: Good afternoon. You
9 saw this regulation, protection of minor and
10 underage youth, for the first time on February
11 5. And since that time we've made some
12 adjustments, especially to the advertising
13 section mostly based on the comments of
14 Commissioner Stebbins at the February 5
15 meeting.

16 There are three sections of this
17 reg. that require gaming licensees to have
18 policies and procedures around keeping underage
19 youth off the gaming floor, around safety
20 measures for minors on the premises of the
21 gaming establishment, and to prevent the
22 service of alcohol to underage youth.

23 And in turn, the internal control
24 regulation requires that the Commission approve

1 those policies and procedures. The section
2 that generated the comment on the February 5
3 meeting was the advertising section, which is
4 150.03.

5 Both versions, the version you see
6 today and the prior version essentially
7 prevented the marketing or advertising relative
8 to gaming to specifically target persons under
9 the age of 21.

10 The version before you today stops
11 there. The prior version elaborated by
12 incorporating into the regulation itself the
13 practices outlined in the responsible gaming
14 framework. Whereas this version is a more
15 streamlined approach.

16 In practice, factors would be
17 applied in determining whether this regulation
18 was adhered to when evaluating any marketing or
19 advertising. I just wanted to highlight what
20 the change was.

21 And the final portion of this
22 regulation is a reporting regulation. And
23 Mark, I don't know if you wanted to make any
24 comments on that advertising section with

1 respect to the framework.

2 MR. VANDER LINDEN: Sure. The
3 Commission adopted the framework last fall,
4 September of last year. That's intended to be
5 a guide for regulation, for policy, for
6 practice. It's not necessarily been intended
7 to be taken verbatim and translated into
8 regulation. But it's intended to be a
9 guideline.

10 With that as we review the
11 regulation that outlines advertising, I wanted
12 to take a look at it through the lens of the
13 framework and see that the regulation reflected
14 the intent or the direction of the framework,
15 which I think it does overall.

16 It dawned on me though that the
17 regulation may be misinterpreted. And so it
18 was my recommendation beyond that, beyond what
19 is presented to you today provide a little bit
20 more direction about how a decision will be
21 made on whether or not the advertising being
22 questioned would be indeed directed towards
23 somebody who would be under the age of 21.

24 I would recommend that while it

1 wouldn't necessarily be reflected in the
2 regulation, the regulation as proposed would
3 stand, but the responsible gaming framework
4 would be referenced as a guide by which it
5 would be -- the advertising would be judged on
6 whether or not it would be directed towards
7 somebody under the age of 21.

8 COMMISSIONER MCHUGH: You would want
9 that added to 150.03?

10 MR. VANDER LINDEN: I think it's a
11 good question. Does it need to be added or can
12 it be a policy that we would have that when
13 advertising that would come before the
14 Commission that would be in question that the
15 guidance by the responsible gaming framework
16 would be used as a guide to judge whether or
17 not it would be in violation of the statute.

18 COMMISSIONER ZUNIGA: I would be in
19 favor of the latter because there is so much
20 innovation in the whole marketing. There's new
21 media. Trying to define in a regulation may be
22 difficult, one of those things that you sort of
23 make a judgment call when you see it, you first
24 have to see it. And issuing guidelines or

1 policy statements, directives or modifying the
2 framework whenever we need to strikes me as
3 perhaps more appropriate at least in this case.

4 The general language is here. It's
5 unequivocal. The intention is unequivocal, but
6 the examples and where a blurry line has gone
7 over this in my opinion a lot more difficult to
8 try to define.

9 So, to codify in regulations may be
10 difficult. It's not undoable but my preference
11 would be towards having the flexibility to say
12 no that crosses the line, take that out. It is
13 a statement, it is another guideline or here's
14 an update to the framework.

15 COMMISSIONER MCHUGH: I agree with
16 that sentiment. I think it's another mechanism
17 for that as well. I'm thinking about how this
18 would play out.

19 If the IEB would look at an ad.
20 Somehow it would come to their attention or be
21 brought to their attention. They'd look at the
22 ad. And they'd make a judgment as to whether
23 it violated this regulation. And if it did,
24 they'd issue a cease-and-desist order.

1 The target of the cease-and-desist
2 order then could, if they disagree, appeal and
3 then go through the hearing process. And I
4 think in a more general sense, we at least
5 talked superficially, and I want to come back
6 to that conversation General Counsel Blue at
7 some point about posting decisions when we make
8 them. So, you build a body of in fact case law
9 that people can go to.

10 And we can categorize them and index
11 them as we post them so that people could go
12 and look at them and see what we've done. And
13 that retains the kind of flexibility we need to
14 deal with particular fact situations, the
15 criteria that we use and the results that we
16 achieve.

17 That's the sort of most fact
18 sensitive way to proceed in a fact sensitive
19 area. So, I would favor something along those
20 lines rather than trying to put them in the
21 regs.

22 COMMISSIONER STEBBINS: I appreciate
23 that. I want to thank chief enforcement
24 counsel Lillios for her work on this. And Mark

1 taking a look at this to make sure, at least
2 understand where the friction might be between
3 the responsible gaming framework and this
4 provision.

5 The language you forwarded to me was
6 pretty unclear. The situation I was looking at
7 is if I am one of our licensees and I'm trying
8 to advertise for something that's meant to be
9 pro-family or part of that 60 percent nongaming
10 revenue piece of the business, I was worried do
11 they get caught if the logo of the casino is on
12 the advertisement.

13 So, I think the way it's rewritten
14 is much stronger. It will make our licensees
15 more attentive to how they structure their
16 advertising and marketing. But at the same
17 time, not hamstringing them as much as they're
18 trying to promote again nongaming activities.

19 I'm just thinking of MGM promoting
20 their theater, their bowling alley, their ice-
21 skating rink or anything like that. If they
22 had something on the bottom that says come to
23 our ice-skating party and by the way you get
24 500 point on your rewards card, then I would

1 expect Mark to step in. But I think the way
2 it's been crafted -- I hear Mark's concerns but
3 I echo my two colleagues that we have the
4 ability to address individual instances as they
5 come up afterwards.

6 COMMISSIONER MCHUGH: Any further
7 discussion, thoughts, questions? Very, very
8 thoughtful approach to this difficult problem.
9 Does somebody want to make a motion? We are
10 now putting this into the formal approval
11 process, right?

12 MS. LILLIOS: That's correct.

13 COMMISSIONER STEBBINS: Mr. Chair, I
14 would ask that the Commission give its approval
15 to 205 CMR section 150 to move forward in the
16 formal promulgation process.

17 COMMISSIONER MCHUGH: Is there a
18 second on that?

19 COMMISSIONER ZUNIGA: Second.

20 COMMISSIONER MCHUGH: Is there any
21 discussion on that? I hear no discussion. All
22 in favor, aye.

23 COMMISSIONER CAMERON: Aye.

24 COMMISSIONER ZUNIGA: Aye.

1 COMMISSIONER STEBBINS: Aye.

2 COMMISSIONER MCHUGH: All opposed?

3 I hear no opposed. The ayes have it
4 unanimously.

5 COMMISSIONER MCHUGH: Thank you very
6 much. Mr. Day?

7 MR. DAY: That is our last item.

8 COMMISSIONER MCHUGH: That was the
9 last item?

10 MR. DAY: That's the last item.

11 COMMISSIONER MCHUGH: Aw shucks.

12 COMMISSIONER CAMERON: Move to
13 adjourn.

14 COMMISSIONER MCHUGH: Second?

15 COMMISSIONER ZUNIGA: Yes.

16 COMMISSIONER MCHUGH: All in favor,
17 aye.

18 COMMISSIONER CAMERON: Aye.

19 COMMISSIONER ZUNIGA: Aye.

20 COMMISSIONER STEBBINS: Aye.

21 COMMISSIONER MCHUGH: The ayes have
22 it. We are adjourned.

23

24 (Meeting adjourned at 5:37 p.m.)

ATTACHMENTS:

1. Massachusetts Gaming Commission March 19, 2015 Notice of Meeting and Agenda
2. Massachusetts Gaming Commission March 5, 2015 Meeting Minutes
3. Massachusetts Gaming Commission March 19, 2015 Memorandum Regarding FY15 2nd Quarter Update and Operations Plan for the Second Half FY'15 with Appendices
4. 205 CMR 136 Sale and Distribution of Alcoholic Beverages at Gaming Establishments - DRAFT
5. Massachusetts Gaming Commission March 16, 2015 Memorandum Regarding Applications for MGC Certification as an Independent Testing Laboratories with attachments
6. Wynn Resorts Presentation March 2015
7. Massachusetts Gaming Commission Memorandum Racing Division March 13, 2015 Memorandum Regarding Plainridge Park Casino, Harness Racing Opening with attachment
8. Massachusetts Gaming Commission Racing Division March 13, 2015 Memorandum Regarding Plainridge Racecourse

- 1 Request for Promotional Trust Fund Monies
- 2 with attachments
- 3 9. First Annual Report of the Massachusetts
- 4 Gaming Commission Racing Division for year
- 5 ending December 31, 2013
- 6 10. Massachusetts Gaming Commission March 19,
- 7 2015 Memorandum Regarding Process and
- 8 Regulations - Commission Hearing Process
- 9 11. 205 CMR 101 MGL C.23K Adjudicatory
- 10 Proceedings DRAFT
- 11 12. Massachusetts Gaming Commission March 19,
- 12 2015 Memorandum Regarding Final Section 61
- 13 Findings - Plainridge with attachment
- 14 13. Letters of Support of Region C Extension
- 15
- 16 GUEST SPEAKERS:
- 17 Travis Foley - BMM Test Labs
- 18 James Maida - GLI, LLC
- 19
- 20 Robert DeSalvio, Wynn Resorts
- 21 Chris Gordon - Dirigo Group (for Wynn Resorts)
- 22 Jacqui Krum, Wynn Resorts
- 23
- 24 Jack Units, Esq. - Mass. Gaming and Entertainment

1 GUEST SPEAKERS:

2 Mayor Jon Mitchell - New Bedford

3 Jonathan Silverstein, Esq. - Kopelman & Paige

4 (for New Bedford)

5 Kevin Conroy, Esq. - Foley Hoag, LLP

6 (for KG Urban)

7 Barry Gosin - KG Urban

8
9 Bob Allen, Esq. & Jennifer Dopazo Gilbert, Esq. -

10 Law Office of Robert Allen, Jr.

11 (for Crossroads)

12 Donald Setters, Somerset Board of Selectmen

13
14 Laura McAllister Cox, Esq. - Greenberg Traurig

15 (for Multimedia Games)

16 Jason Peters - KGM

17
18 MASSACHUSETTS GAMING COMMISSION STAFF:

19 Catherine Blue, General Counsel

20 Richard Day, Executive Director

21 John Glennon, CIO

22 Todd Grossman, Deputy General Counsel

23 Derek Lennon, CFAO

24 Dr. Alex Lightbaum, Acting Director of Racing

1 MASSACHUSETTS GAMING COMMISSION STAFF:

2 Loretta Lillios, Deputy General Counsel

3 Carol Malcolm, Racing Division

4 Doug O'Donnell, Racing Division

5 Mark Vander Linden, Dir. Research and Problem

6 Gambling

7 Karen Wells, Director IEB

8 John Ziemba, Ombudsman

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C E R T I F I C A T E

I, Laurie J. Jordan, an Approved Court Reporter, do hereby certify that the foregoing is a true and accurate transcript from the record of the proceedings.

I, Laurie J. Jordan, further certify that the foregoing is in compliance with the Administrative Office of the Trial Court Directive on Transcript Format.

I, Laurie J. Jordan, further certify I neither am counsel for, related to, nor employed by any of the parties to the action in which this hearing was taken and further that I am not financially nor otherwise interested in the outcome of this action.

Proceedings recorded by Verbatim means, and transcript produced from computer.

WITNESS MY HAND this 23rd day of March, 2015.



LAURIE J. JORDAN

My Commission expires:

Notary Public

May 11, 2018