

THE COMMONWEALTH OF MASSACHUSETTS
MASSACHUSETTS GAMING COMMISSION
PUBLIC MEETING #112

CHAIRMAN

Stephen P. Crosby

COMMISSIONERS

Gayle Cameron

James F. McHugh

Bruce W. Stebbins

Enrique Zuniga

March 6, 2014 9:30 a.m.

BOSTON CONVENTION AND EXHIBITION CENTER

415 Summer Street, Room 102

Boston, Massachusetts

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

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4 CHAIRMAN CROSBY: We were calling to
5 order public meeting number 112 on March 6 once
6 again at the Convention Center. And we will
7 start with the approval of minutes,
8 Commissioner McHugh.

9 COMMISSIONER MCHUGH: We have

10 actually there are listed two sets of minutes.
11 We actually have five and I'm going to do three
12 of them together, because we have three sets
13 from the surrounding community meetings. So,
14 let me first, if I might, move that the minutes
15 of February 6, 2014, which was a regular
16 Commission meeting be approved as printed in
17 the materials that are in the packet, subject
18 to correction in the usual form.

19 CHAIRMAN CROSBY: Anybody second?

20 COMMISSIONER CAMERON: Second.

21 CHAIRMAN CROSBY: Any discussion
22 about the February 6 minutes? If none, all in
23 favor of accepting the minutes as written, aye.

24 COMMISSIONER MCHUGH: Aye.

1 COMMISSIONER CAMERON: Aye.

2 COMMISSIONER ZUNIGA: Aye.

3 COMMISSIONER ZUNIGA: Aye.

4 COMMISSIONER STEBBINS: Aye.

5 CHAIRMAN CROSBY: Opposed? The ayes
6 have it unanimously.

7 COMMISSIONER MCHUGH: Then the
8 second set of regular minutes is the February
9 20, 2014 minutes. And I would likewise move
10 that they be approved as printed in the meeting
11 materials subject to corrections for
12 typographical and other mechanical errors.

13 CHAIRMAN CROSBY: Second?

14 COMMISSIONER CAMERON: Second.

15 CHAIRMAN CROSBY: 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 COMMISSIONER MCHUGH: And then I'm
23 going to as a package move for approval of the
24 minutes of January 28, January 29 and February

1 18. Those dealt with surrounding community
2 meetings. And I would move the approval of
3 those three sets minutes subject again to
4 correction of mechanical and typographical
5 errors.

6 COMMISSIONER STEBBINS: I had a
7 quick question on the February 18 minutes. On
8 page three where we talked about the Eastern
9 States Exposition, the last sentence under that
10 11:45 a.m., it says the Commission agreed to
11 revisit the decision at the following public
12 meeting.

13 We did that with the hopes that the
14 parties could reach agreement not that we were
15 just delaying the decision. But if it was
16 possible, I think, the impetus for Commissioner
17 McHugh's motion at that point was hopefully to
18 get the parties to go off and come to some sort
19 of agreement. Just adding a little bit of
20 detail into why e postponed the decision on
21 that.

22 COMMISSIONER MCHUGH: We could
23 change that, Commissioner, to something along
24 the lines of in an effort to assist the parties

1 in reaching an agreement themselves, the
2 Commission agreed to postpone a decision until
3 the next public meeting.

4 COMMISSIONER STEBBINS: That's
5 perfect.

6 CHAIRMAN CROSBY: Yes, that was good
7 get.

8 COMMISSIONER MCHUGH: Good catch,
9 yes.

10 CHAIRMAN CROSBY: Was there a second
11 to this amended motion?

12 COMMISSIONER CAMERON: Second.

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

15 COMMISSIONER MCHUGH: Aye.

16 COMMISSIONER CAMERON: Aye.

17 COMMISSIONER ZUNIGA: Aye.

18 COMMISSIONER STEBBINS: Aye.

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

21 We are going to item number three,
22 Administration, Executive Director Day.

23 MR. DAY: Good morning, Chairman
24 Crosby and members of the Commission. I do

1 have a few items for general update I'd like to
2 go through here this morning as we begin. One
3 is and I think I've been threatening this for a
4 while, applications for gaming licenses will be
5 posted in fillable PDFs available online by
6 either later today or at the latest next Monday
7 morning or next Monday. So, we'll have that
8 ready to go. Staff have also developed,
9 haven't had a chance to look at it and posted a
10 YouTube video, a guide for jobseekers, which
11 actually is very informative.

12 COMMISSIONER MCHUGH: That's
13 obviously on our website, the link is on our
14 website?

15 MR. DAY: It's on YouTube and I'm
16 not confident to the link on the website but as
17 I say that it will be if it's not.

18 CHAIRMAN CROSBY: It must be. Has
19 that been promoted?

20 MR. DAY: Not yet.

21 CHAIRMAN CROSBY: I wasn't even
22 aware of it.

23 COMMISSIONER MCHUGH: That's cool.

24 CHAIRMAN CROSBY: Great. So, be

1 sure to send it to us and we'll make a big
2 thing out of that. That's terrific. Jill,
3 where's Jill?

4 MR. DAY: Mr. Sangalang, of course,
5 has been the talented producer of that
6 production.

7 CHAIRMAN CROSBY: I just want to
8 make sure everybody knows about it. It's a
9 terrific idea. Make sure that Jill sends it
10 out everybody and so forth. Great.

11 MR. DAY: I'm confident Mike has
12 taken all of this down and will be the person
13 that helps the folks in that endeavor.

14 CHAIRMAN CROSBY: You got it.

15 MR. DAY: I did get a chance to take
16 a look at it. It's very informative. It's
17 going to be very helpful.

18 CHAIRMAN CROSBY: Great.

19 COMMISSIONER MCHUGH: Great.

20 MR. DAY: We've also been fortunate
21 to enter into a memorandum of understanding
22 with the Massachusetts State Police. The
23 agreement is part of the foundation that
24 implements the Gaming Act, and is important to

1 public safety and the integrity of gaming in
2 Massachusetts. The agreement formalizes our
3 relationship and outlines the processes for
4 staffing, training and sharing information.
5 So, pretty excited to get that done, and move
6 on with the other MOUs that we need to enter
7 into in order to build the system.

8 CHAIRMAN CROSBY: Director Day, are
9 we working also on a video like that for
10 supplier applications, do we know? This is the
11 first you've heard of this too?

12 MS. DRISCOLL: Yes.

13 CHAIRMAN CROSBY: Okay. I think
14 that would be a great thing to do. Not having
15 seen the employee one, I don't know exactly
16 what it's about obviously. But we're trying
17 hard to figure out how to get to local
18 employers -- I'm sorry local providers,
19 particularly diverse providers to have a shot
20 at these monies. And having the same thing for
21 them would be great.

22 MR. DAY: I've made a note of it,
23 Mr. Chairman. I also know that Licensing, Jill
24 and the rest of the team are working to develop

1 an educational informational process all online
2 for licensing and how to go about it.

3 CHAIRMAN CROSBY: Right. Okay.
4 She's going to be talking to us later on today,
5 I think.

6 MR. DAY: Yes, she is. We are in
7 some phase of recruiting and background process
8 for seven gaming positions and 31 racing
9 positions.

10 I also want to stop. We did talk
11 about regulations last week. So, I don't want
12 to bore the Commission, but I thought for
13 purposes of the audience, we might just review
14 this real quick. Because we are in the process
15 to develop and implement our regulations
16 governing the activities of the licensees.

17 And I wanted to just remind
18 everybody that prior to and following
19 presenting a draft to the Commission, we do do
20 a stakeholder outreach. And we do do a public
21 comment period. It's an informal period.

22 And as we develop that draft, we
23 bring it before the Commission. And something
24 I wanted to check in to make sure is when we

1 bring that forward with the Commission, the
2 idea is to sort of present anything that might
3 be policy issues or controversial within that
4 draft and generate discussion, get everybody to
5 look at what those draft regulations might look
6 like.

7 At that point though that's exactly
8 what it is, it's a draft. It's not a product
9 of the Commission at that point at all. Then
10 move back with the comment we receive. We make
11 any corrections and additions we need. And
12 then we bring that draft back to the Commission
13 for authorization to begin the formal process.

14 So, what that means though is there
15 are too in that formal process there is also a
16 public opportunity for public comment and of
17 course a hearing. So, I wanted just to
18 underscore there a number of opportunities for
19 the public stakeholders to weigh in each one of
20 those drafts to come forward.

21 COMMISSIONER ZUNIGA: You mentioned
22 hires, different hires?

23 MR. DAY: Yes.

24 COMMISSIONER ZUNIGA: Are these for

1 racing or other as well?

2 MR. DAY: There are about seven
3 gaming, general gaming I'd call it. And then
4 there are about 31 positions that are in some
5 phase of the process with racing, so mostly
6 with racing.

7 COMMISSIONER ZUNIGA: What kind of
8 hires for gaming are we anticipating?

9 MR. DAY: We are in the process for
10 accounting, our accounting system, again, we've
11 got two assistant directors who we've got
12 interviews scheduled for for IEB next week.
13 We've got an HR assistant that's final in the
14 process as well. We also have an executive
15 assistant for Jill and Mark as a matter of fact
16 a shared executive assistant. They in their
17 process right now could really use some help.
18 I didn't add the totals as I was going forward,
19 but I think that's pretty much complete set.

20 CHAIRMAN CROSBY: I sent a note
21 around yesterday as we are reviewing the
22 diversity commitments of our applicants, it
23 reminds me a least about our own commitment to
24 diversity where we're not doing so well.

1 So, with all of these vacancies,
2 this is the time to just make sure that we have
3 got the outreach to have a diverse workforce.

4 MR. DAY: Yes, Sir. I did read it
5 carefully. And as we move forward too with our
6 second phase hiring, it's going to make it
7 increase our pool and increase our availability
8 a little bit.

9 CHAIRMAN CROSBY: What did you say?

10 MR. DAY: Increase our size of
11 applicants and the number of positions we have.
12 Because right now, we have a pretty small
13 number of positions with the specific expertise
14 but it's going to be helpful.

15 I thought just as well internal to
16 our process though I know that Trupti Banda,
17 our HR Manager has been in the process of
18 really taking some efforts to inform ourselves
19 regarding what's available for diversity,
20 diversity recruitments. And I think it's
21 important just to touch base with her, which I
22 will be doing to refocus and see if there's
23 anything else we can do as we move forward.

24 CHAIRMAN CROSBY: Right, yes. I

1 know you are attentive to it, but it's always
2 harder than you think it's going to be. And we
3 just simply can't compromise.

4 We won't be able to keep hiring if
5 we can't make sure that the people we're hiring
6 are reflective of the community around us,
7 which is really important that we redouble our
8 efforts if we have to.

9 MR. DAY: I appreciate that.

10 COMMISSIONER ZUNIGA: On a related
11 note, I would encourage all of the hiring
12 managers to when looking at entry-level type
13 assistants to really think about the candidates
14 that could help higher-level -- could progress
15 or evolve into more than just answering phones
16 or keeping calendars.

17 I think there is a lot that we
18 should be taking on. And in Mark and Jill's
19 realm coming to mind that there's all the
20 research that we're constantly thinking about,
21 what are other jurisdictions doing in the areas
22 of problem gambling or in the areas of supplier
23 diversity. So, to the extent that we can
24 really capitalize on a candidate at that level

1 and take on work that is more than just
2 answering phones that would be really something
3 that I would look forward to.

4 MR. DAY: Thanks, Commissioner
5 Zuniga. That's partially what I was trying to
6 allude to a little bit as we move -- we're
7 going to have a little bit better opportunity
8 as we move specifically into the various
9 regulatory positions, field positions, we can.
10 Because we're going to have to bring people on
11 and we're going to have to train people as well
12 for those positions, which opens up I think the
13 opportunity for us to do that and to encourage
14 more diverse hiring in that process as well.

15 We will refocus on it before we move
16 forward just to make sure there isn't something
17 we cannot do that we haven't already done.

18 CHAIRMAN CROSBY: Good.

19 MR. DAY: I just wanted to mention
20 just to alert everybody the topics on today's
21 schedule or planned for the next Commission
22 meeting include Horse Racing emergency
23 regulations which you have today pertaining to
24 conflict of interest, access to record and

1 fingerprints, self-exclusion for consideration
2 to begin the formal process. So, this will be
3 another major step in the process.

4 You'll also be seeing training
5 schools and project monitoring regulations
6 before we get out of this month. We anticipate
7 financial internal controls and surveillance to
8 begin the process in April. And we'll have a
9 revised draft of the alcohol beverage
10 regulations we anticipate back in April too.
11 That gives a quick glimpse of those topics that
12 are coming forward.

13 CHAIRMAN CROSBY: What's to come,
14 great.

15 MR. DAY: What I'd like to do, if I
16 might, Mr. Chairman is that's my general
17 update. But I'd like to move onto the next
18 item which is the finance update if I could
19 unless there's further questions.

20 What I'd like to do, what the
21 Commission has done in order to build an
22 infrastructure necessary as the organization
23 grows, the Commission has been taking a number
24 of steps to strengthen our budget and financial

1 systems. And as I think we all know, a key
2 step to this process was getting our chief
3 financial and accounting officer on board a
4 mere three months ago. Sometimes I think Derek
5 has been here and blended into the organization
6 so well, we actually think he's been around for
7 a long time, but a very short time.

8 CHAIRMAN CROSBY: It's only been 90
9 days?

10 MR. DAY: Yes. And I would like at
11 this point to call on Derek to briefly review
12 some of the steps with the Commission because
13 we've got a pretty significant list as we've
14 been working to strengthen those systems. If I
15 might, Derek?

16 MR. LENNON: Thank you. Thank you
17 for having me today. What I want to go over is
18 just a highlight of what we've put in place.
19 And a lot of it was already in place. It was
20 just strengthening it. So, I don't want to by
21 any means say that there was nothing going on
22 prior to this.

23 CHAIRMAN CROSBY: Is his sound
24 working? Is his voice picking up okay?

1 MR. LENNON: I want to thank Rick
2 for bringing me on, thank you guys for bringing
3 me on. I want to thank the organization for
4 being open to strengthening controls. I think
5 it's been a very good atmosphere. Everyone has
6 been open-minded. Everyone has been willing to
7 adopt changes that I'm recommending. And I
8 think I have a very good staff to work with at
9 the Commission to put these in place.

10 Just to tick off a few things, as
11 was reported in January, we developed a budget
12 that aligns with the state accounting system.
13 We've been putting actual expenditures up for
14 each month. February's expenditures are
15 currently on the website.

16 We're waiting for the fringe benefit
17 period to close on the state accounting system
18 so that I can update March. We're hoping that
19 that'll be done within the next week. And
20 we'll have March actuals up on the website.
21 Come back to you hopefully in April with how
22 we're looking as far as projections for
23 spending this year.

24 So, we'll have budget shift. And

1 the way it's looking right now, if it's going
2 to shift it will be down for actual
3 expenditures. We have February coming in less
4 than anticipated spending. March is coming in
5 less. Some of that is timing with how
6 contracts are spending out and other things are
7 just the spending hasn't materialized yet.

8 But that will carry into next year.
9 The needs are still there. So, it's some of
10 the outside counsel costs, some of the
11 consultant costs haven't hit yet. And whether
12 that hits by June 30 or whether it will hit in
13 July or August of next year we'll just shift
14 those numbers around. So, it's more timing.

15 But the good news is we're trending
16 lower than anticipated. So, I won't be coming
17 back to you and saying we're higher than \$24
18 million.

19 We've implemented an invoice
20 tracking system that with the addition of a
21 licensing receptionist, all mail comes in. She
22 tracks it and she enters it into the log,
23 distributes down to finance. We put tracking
24 coversheets on that require dual signatures.

1 So, we're getting a programmatic sign-off that
2 says we actually did incur these costs. We're
3 happy with the service. Then a financial sign-
4 off that says we have the money set aside,
5 committed and under a valid contract to pay for
6 these services.

7 A lot of that was happening, it just
8 wasn't standardized. It wasn't a process in
9 place. There weren't forms. So, we've
10 implemented that.

11 We're using statewide contracts
12 where available. So, we're getting multiple
13 quotes. While we are not required to, we are
14 adhering to OSD's rules wherever we can.

15 CHAIRMAN CROSBY: Excuse me one
16 second. Never mind. Something came up on the
17 screen saying that the audio was muted.

18 MR. LENNON: We're using the
19 contract user guides, getting multiple quotes
20 even when we're going off of statewide
21 contracts to ensure we're getting the best
22 value for our services. Not always the lowest-
23 cost but the best value, whatever works best
24 for us.

1 We have included in that, I know we
2 took a little criticism, but we're currently
3 using statewide contracted vendor for travel
4 services. So, they're getting multiple quotes
5 for us. And they're getting us the best cost
6 based on what our business needs are.

7 Under p-cards, which the rest of the
8 world calls credit cards, but we call them in
9 the Commonwealth payment cards, we've moved
10 recurring expenses off of the credit cards.
11 We've moved them onto actual contracts and a
12 committed amount on the accounting system,
13 which requires a manual sign-off, a manual
14 review of the expenses.

15 So, it's not just an automatic
16 expense going through that then we would have
17 to debate at the end of a billing cycle if we
18 didn't agree with it on the p-cards. We've
19 also set up online systems for everyone who
20 owns a credit card. They have to go in and
21 reconcile it. They have access to it whenever
22 they make an expense.

23 We are currently putting --

24 COMMISSIONER MCHUGH: Could you just

1 explain that a little further? They have to
2 reconcile what?

3 MR. LENNON: Before we'd wait for
4 the actual monthly statements to come in. And
5 we wouldn't see expenses that hit against a
6 credit card until the end of the month.

7 Right now, we're requiring people to
8 go into their online statements and look at
9 their expenses and reconcile what hit that
10 account with the actual receipts that they
11 have.

12 COMMISSIONER MCHUGH: I see. So,
13 sort of not real-time but more quickly than
14 monthly.

15 MR. LENNON: More quickly, yes. And
16 we've done the same thing for our revenue
17 receipts where we were waiting for monthly
18 statements to come in. And if a check bounce,
19 we wouldn't know about it until the end of the
20 month.

21 Now we've got access to the state's
22 online cash system where we can review that on
23 a daily basis as revenue comes in.

24 We're putting our full contractual

1 commitments up on the accounting system. And
2 we're putting those out by fiscal year. So,
3 even when we have rate contracts, we are
4 putting estimates up so that we know how much
5 we have to spend, how much we have anticipated
6 for the year.

7 Under the HR area, which Rick
8 touched on, we've developed a better onboarding
9 process with Trupti. So, she helps the
10 managers bring new employees on, make sure
11 their equipment is set up on time. Make sure
12 that we have money to buy the equipment. So,
13 she checks with me to make sure we a phone, a
14 laptop if it's a laptop actual workstation.

15 HR is serving as a lead or as a
16 partner for a lot of the hirings. So, they're
17 taking in all of the resumes. They're
18 responding back to the people in a timely
19 fashion. So, it helps us to look more
20 professional. People know where we are in the
21 process.

22 Helping to set up the interviews,
23 doing the initial screenings, bringing those
24 candidates that do meet the minimum entrance

1 requirements over to the hiring managers. So,
2 I've heard good feedback on that. I know I
3 went through it. And I was very thankful I
4 didn't have to sit through the 30 to 40 resumes
5 that came in. Trupti did it for me and gave me
6 seven qualified candidates and helped me set up
7 interviews.

8 We've connected HR system with the
9 accounting system. So, we know each employee
10 which division they are sitting in. And we can
11 actually run payroll reports off of that. It's
12 helped with the fat finger exercise I like to
13 call it where you go down and you try and fudge
14 things after the fact. It's right in the
15 accounting system. You pull it out. And then
16 it's just a quick check to make sure it works
17 versus lining things up and doing
18 manipulations. So, we're trying to automate as
19 much as we can.

20 We just completed that and we'll be
21 testing that with the next payroll run to see
22 how it's working. And that will help us in the
23 next area, which is what we're working on for
24 FY'15 which are a lot of cost accounting and

1 coding of our transactions.

2 We've created codes to develop a
3 budget structure so that each division, once we
4 sit down in FY'15, will have a budget. They'll
5 know what's built into that budget. And we'll
6 actually be able to pull reports off of the
7 accounting system and not do fat fingering,
8 which I'm doing right now, and see all of the
9 contracts that they have compared to where
10 their budget was. So, they'll know at any
11 time.

12 It will make it easier for Rick for
13 when a request comes in, can we travel? Do you
14 have it in your budget? I'll be able to pull
15 up a report or anyone will be able to pull it
16 up. I plan on putting it on an access
17 database. It will pull on a daily basis out of
18 the accounting system and show you this is what
19 your budget it. And this is what you've spent
20 to date. We can pull those up at any
21 Commission meetings too.

22 COMMISSIONER MCHUGH: So, they'll be
23 online.

24 MR. LENNON: Those will be online,

1 correct. Luckily when we are working with the
2 Commonwealth, we have I think it's a \$65
3 million accounting system that was built. And
4 we have a huge data reporting warehouse. And
5 we have the ability to pull into that.

6 And as long as we do good cost
7 accounting and coding at the front-end when we
8 put the transactions in, pulling the reports
9 out is very easy. It leaves a lot of
10 manipulation off. And it takes a lot of the
11 ability for human error out. So, it's just
12 making sure that the transactions going in were
13 coded correctly.

14 COMMISSIONER ZUNIGA: Can I mention
15 something on that?

16 MR. LENNON: Absolutely.

17 COMMISSIONER ZUNIGA: The general
18 public and even staff can currently access all
19 of the information on our costs, an open
20 checkbook as well as our website. And I do
21 want to emphasize that coding is key, which is
22 the work that Derek and his staff has done in
23 the past few months because the relation of
24 expenditures to a particular line item if

1 they're coded correctly, it really tells the
2 reader a lot of the information they are
3 looking for.

4 MR. LENNON: And we're working on a
5 lot of overlays too. We are working on being
6 able to track specific revenues coming in to
7 those expenditures going against them. And
8 we'll be able to code transactions at the
9 divisional bureau level out to the specific
10 locations, so, once we get all of the locations
11 up and running. So, we're working on as many
12 overlays as possible.

13 COMMISSIONER ZUNIGA: Right.

14 CHAIRMAN CROSBY: Derek, when you
15 get a chance and this is not the highest
16 priority by a long shot, but I'd like to make
17 absolutely sure that we are tracking and
18 responding to mail and email appropriately.

19 I think what happens now is it comes
20 in through Colette. And she sort of semi-logs
21 it, semi-traffics it. But when I go through
22 them, sometimes I find people have asked
23 questions. Somebody wrote in and said what am
24 I going to do with my bingo game? And I don't

1 know for sure that somebody is getting back to
2 these people. And I don't want that to ever
3 happen.

4 I just don't know. And I try to
5 track them down. But it's a little bit random
6 I think. We get so many emails, it's not easy
7 to do. That will probably end after the
8 decisions are made.

9 But it's really important that
10 people who write in can ask questions with good
11 faith, we get back to them. So, if you would
12 make sure that the system is really buttoned up
13 at some point. And maybe let us know exactly
14 how that works. I want to make sure that
15 people don't fall through the cracks, mail and
16 email.

17 MR. LENNON: I think I can pull from
18 quite a few other agencies that I've worked at
19 where they had either commissioners or a
20 secretary or executive director communication
21 tracking systems where you bring them in.
22 There's a person who it's assigned to. Then it
23 just comes back to you as far as how many days
24 you'd want it to be resolved in and how far

1 you'd escalate it when it's not resolved in a
2 time period.

3 I know I've been on the receiving
4 end of those in the past where you get about 15
5 or 20 of those in the queue. It's not brand-
6 new stuff. We can grab it from another agency
7 and it should be pretty easy to implement.

8 CHAIRMAN CROSBY: I don't want to
9 over dramatize it, whatever the system is, I
10 don't want to have people fall through the
11 cracks. That's the thing.

12 COMMISSIONER MCHUGH: Part of that
13 would need to be who it's directed to, right?

14 MR. LENNON: Correct.

15 COMMISSIONER MCHUGH: Because a lot
16 of these things come in addressed the
17 Commission.

18 CHAIRMAN CROSBY: Well, they come in
19 through MGC comments, right, emails.

20 COMMISSIONER MCHUGH: And they're
21 not addressed. So, somehow there has to be
22 built into this system an assignment, a
23 presumptive assignment thing. And then if the
24 assignee thinks he or she isn't the right one,

1 they can lay it off on somebody else.

2 CHAIRMAN CROSBY: Right. And it
3 puts sort of a burden on whoever the traffic
4 cop is. That means Colette or whoever does it
5 has to be able to know who should get these.
6 It's not trivial, but anyway when you get
7 around to it that would be important.

8 MR. LENNON: Okay.

9 MR. DAY: Thank you, Derek. I want
10 to make sure that we don't let the whole budget
11 concept slip by, because that process is really
12 foundational to the Commission's financial
13 structure.

14 So, as a matter of fact, Derek has
15 conducted two exercises going around, talking
16 to staff and helping develop budgets. And as
17 we began now and for fiscal year '14 that
18 process will become even more important as we
19 make sure that our budget accurately reflects
20 our anticipated expenditures.

21 Then as a result as we move forward,
22 the agency will be held responsible or held
23 according to those predicted expenditures. It
24 doesn't mean everything else is refused, but it

1 puts at least an emphasis on prior planning and
2 having that budget approved by the Commission.
3 So, it gives a better perspective.

4 COMMISSIONER MCHUGH: Right.

5 COMMISSIONER ZUNIGA: On that note,
6 I know the next meeting we have is on the 20th.

7 MR. DAY: Correct.

8 COMMISSIONER ZUNIGA: The one after
9 that regular meeting would be somewhere the
10 first week in April, I guess, or thereabouts,
11 April 10.

12 MR. DAY: It's April 3 and 17,
13 Commissioner.

14 COMMISSIONER ZUNIGA: Third and 17,
15 whether we can make the third, that may be too
16 tight to report on the third quarter. Maybe we
17 wait until the 17th, but it'd be great to get a
18 detailed financial report of expenditures and
19 actuals by then, like we'll be doing in all
20 quarters.

21 MR. DAY: So, we'll target the 17th.

22 COMMISSIONER ZUNIGA: Maybe the
23 17th.

24 MR. DAY: I would also like to note

1 that in addition to all of the steps that
2 Derek's -- And I made a math mistake, by the
3 way. It's actually four months. We're now
4 into March. So, I'll have to give him four
5 months instead of 90 days but great progress
6 from your staff.

7 CHAIRMAN CROSBY: Oh, well, then
8 it's not so impressive.

9 MR. DAY: I know you're also in the
10 process of filling your Accounts Payable
11 position.

12 MR. LENNON: Correct. That's one of
13 the other things that we've done. I didn't
14 touch as much on the revenue side. But on the
15 revenue side, we've split up because I have two
16 staff now in the finance unit and one in HR.
17 We've been able to actually separate out and
18 put people in specific job tasks.

19 There's plenty of cross training,
20 because we sit right next to each other, but
21 it's a priority of Accounts Payable and
22 procurement for one side and revenue for the
23 other side.

24 On the revenue side, we've been

1 working extensively with the Licensing team
2 right now to set up bank accounts, payment
3 methods. We've been working extensively with
4 the Comptroller's office to make sure that we
5 can have online payment for credit cards, swipe
6 machines in our office, the right internal
7 controls to make sure that we are maintaining
8 payment card industry standards.

9 So, we are working extensively on
10 that end too on the revenue side. And once we
11 get the Accounts Payable person in, we'll
12 actually be able to split up the Accounts
13 Payable and the budgeting side. So, we'll have
14 a person that can really concentrate on working
15 with staff on budgeting and making sure the
16 procurements meet the budget. And then when
17 payments come in, just making sure that those
18 payments meet all of the state finance laws and
19 requirements for no taxes, sufficient backup
20 documentation.

21 COMMISSIONER MCHUGH: The online
22 payment for credit cards are payments to us.

23 MR. LENNON: To us, to us. So, it's
24 for all of the people that are going to be

1 licensed. We'll send them separate bank
2 accounts.

3 COMMISSIONER MCHUGH: Licensed
4 applicants and the like.

5 MR. LENNON: And we'll have separate
6 bank accounts for those. So, for those stuff
7 that is taken on on-site, it'll be easier to
8 reconcile things that are coming in through the
9 payment card website will be easy to reconcile.

10 Once the licensees are actually up
11 and running, the amount that we'll be taking in
12 for them for the employees will go into a
13 separate bank account. It'll make it much
14 easier reconciling. So, if one isn't tying
15 out, we don't have to hold up our whole sweep
16 going over to the Commonwealth.

17 COMMISSIONER MCHUGH: That sounds
18 really good, because we're on the cusp of
19 thousands of licenses. So, we've got to have a
20 good automated system and it sounds like this
21 is heading in exactly the right direction.

22 COMMISSIONER ZUNIGA: I'd like to
23 mention something that I learned last week that
24 I think is very important. As a result of a

1 lot of what Derek just talked about, more and
2 better use of statewide contracts, multiple
3 quotes and especially the Accounts Payable
4 enhancements that we've been doing, we have
5 been taking a lot more advantage of the prompt
6 payment discount, which is something that is
7 very good for the Commonwealth, for us.

8 It's already built into the standard
9 form in terms of the Commonwealth contract
10 form. And simply by paying our bills promptly,
11 we realize savings. That's something that I'd
12 like to get more reporting on. The Comptroller
13 usually does it across agencies to incentivize
14 that process. And it's simply by having staff
15 that is now more attentive and dedicated these
16 kinds of things that everybody derives a
17 benefit from.

18 CHAIRMAN CROSBY: For the record
19 too, I want to make sure that it's clear that
20 although a lot of the media commentary on our
21 expenses was silly and distorted, we also
22 acknowledge that we've been growing so quickly
23 that we needed to make sure that we were
24 adopting best practices about personal expenses

1 and travel expenses and all that kind of stuff
2 as well.

3 And that that's part of what we had
4 been working on anyway, but we're paying
5 particular attention. You, Commissioner
6 Zuniga, are putting together formal expense
7 standards and systems. And doing the review
8 that we talked about to make sure that our
9 standards are comparable to similar agencies,
10 etc.

11 So, I didn't want it to get lost in
12 the shuffle there that we are mindful and
13 attentive to that part of the financial
14 buttoning up as well.

15 MR. LENNON: Correct.

16 MR. DAY: Chairman Crosby, thank you
17 that's helpful for lead in, because as I was
18 closing this I did want to note that we are
19 beginning a formal process --

20 CHAIRMAN CROSBY: Okay, sorry.

21 MR. DAY: No, that's all right. -- a
22 formal process to review and development
23 process of our personnel, our financial
24 policies and our internal controls. Plus we're

1 going to incorporate a third-party review or
2 sort of a comparative process.

3 And we had planned at this point
4 have more details regarding what that process
5 is going to be, the timelines and so forth and
6 how it might go forward at our meeting on the
7 20th.

8 CHAIRMAN CROSBY: Great, thank you.

9 MR. DAY: Any other finance
10 questions?

11 CHAIRMAN CROSBY: There was just one
12 thing I wanted to mention. We did get one
13 feedback from our public meeting discussion of
14 our bridge financing for our operating expenses
15 from the Mass. Municipal Association. And they
16 wanted to be sure that by in effect borrowing
17 from the Community Mitigation fund that we were
18 in no way going to compromise the ability to
19 fund mitigation needs should they develop in
20 the course of this 18-month period.

21 And I've been in the process of
22 communicating with them. And we didn't
23 actually make the point when we talked about
24 this a few weeks ago, but we will not be using

1 -- we have no expectation of using all of that
2 \$17.5 million dollars to begin with. Our
3 expectation is there'll be very little, if any,
4 need for mitigation monies in the early months,
5 because it's hard on the heels of surrounding
6 community agreements and host community
7 agreements.

8 But having said that, if there is
9 any need, we would absolutely of course fund
10 it. And we will be working with the GPAC,
11 gaming policy advisory committee and the
12 subcommittee on community mitigation to make
13 absolutely sure that we are totally attentive
14 to community mitigation needs. And that we are
15 utterly committed to compensating appropriately
16 out of that fund if and as the need arises.

17 So, I just wanted to make sure that
18 that was on the record.

19 MR. DAY: Thank you. With that, can
20 I refer the Commissioners to behind item 3C,
21 you'll find our master licensing schedule chart
22 and a table developed by Mr. Ziemba, who is
23 sitting next to me.

24 What I wanted to do in this

1 particular section is to talk just a little
2 bit, really to incorporate the changes that the
3 Commission has approved in the process and how
4 that reflects in an overall view of the
5 schedule itself.

6 With this, I think probably the most
7 change which will be noticeable is right here
8 in your process. We've actually bifurcated the
9 Region A and the Region B process in itself. I
10 think just to note back to the comments that we
11 made all along, is this schedule actually
12 reflects "worst-case scenario".

13 By that it doesn't mean it's a
14 disaster, but what it means is that it's
15 designed around the arbitration dates that if
16 this went fully through that arbitration
17 process, this is what we'd probably be looking
18 at.

19 CHAIRMAN CROSBY: And in fact, we've
20 not had an arbitration process yet so far.

21 MR. DAY: That's correct. We're
22 making good progress I think with the
23 surrounding communities for each of these. So,
24 we'll see how that works in the end.

1 But what I wanted to emphasize is
2 with Region B is really two dates area, which
3 are right around in here and up here. The two
4 significant issues are we do continue to plan a
5 host community hearing in Springfield on April
6 1. And as well the Commission's current
7 schedule projects an award of that Category 1
8 license on May 30. Those dates have been very
9 consistent here for the last few months and
10 haven't changed.

11 The changes primarily occur in
12 Region A, which are here. And in particular
13 right in the March area which is on 3/20, due
14 to circumstances the Commission has previously
15 discussed, the date for designating surrounding
16 communities was changed to March 20.

17 As a result, that impacts the other,
18 the host community agreements and subsequently
19 the award date. So, what the plan schedule is
20 at this point is that the host community
21 hearings in Revere would be on April 7. And
22 the host community hearing in Everett would be
23 on April 8.

24 In the end what that would do is

1 right in this area would be to move the
2 potential award or projected award date to June
3 30, which means the Commission would still
4 under this schedule be able to at least award a
5 license in this fiscal year. And then
6 subsequently of course the licensee would have
7 30 days after that for payment.

8 That's the primary changes that the
9 Commission has made. And that's how they
10 reflect themselves in this master licensing
11 schedule. So, if there's any questions on that
12 side, I would like to briefly talk with the
13 Commission.

14 John and I would like to make some
15 notes. At the bottom of this is the Region C
16 schedule and just make a couple of references.
17 The application date is July 23, which means
18 that we have only a little over two months to
19 complete the host community process,
20 negotiation and actually schedule the election,
21 which makes it pretty quick in order to get
22 that election completed in time to be able to
23 refer the results of the election to the
24 application process.

1 In the end what it really means is
2 we're here just to check in with the
3 Commission. We've actually had only one
4 application at this point. And we thought it
5 was appropriate to at least generate a
6 discussion with the Commission about that
7 schedule a little bit at this point.

8 Mr. Ziemba also has and in behind
9 this big schedule you'll see a table to discuss
10 various processes we've completed, and how
11 those processes might impact the schedules that
12 were looking at now. With that I will switch
13 to Mr. Ziemba.

14 CHAIRMAN CROSBY: Is this what
15 you're talking about?

16 MR. DAY: Yes.

17 COMMISSIONER ZUNIGA: Actually, is
18 it okay if -- Are you ready to get into the
19 Region C?

20 MR. DAY: Yes, unless there are
21 other questions.

22 COMMISSIONER ZUNIGA: I do have a
23 question. I know we've always -- on Regions A
24 and B. We've always assumed that the closing

1 of -- We've always taken the position that the
2 closing of the host community hearing would
3 occur until all of the surrounding community
4 agreements were done.

5 MR. DAY: Correct.

6 COMMISSIONER ZUNIGA: However, if
7 there is an arbitration and that arbitration is
8 final, is there any reason why we could not
9 close the host community hearing prior to the
10 result of the arbitration?

11 COMMISSIONER MCHUGH: I think there
12 is. It's the same. We don't have an agreement
13 until we have the arbitration results, the
14 final arbitration results. Until we have the
15 final of attrition results and the agreement,
16 we don't have a completed application. And
17 under the discussion we had before, we can't
18 close the hearing until we have a completed
19 application.

20 COMMISSIONER ZUNIGA: That's right.
21 Thank you.

22 MR. DAY: I think that process
23 ultimately the end where the arbitration report
24 is accepted and made public, that's a five-day

1 process.

2 COMMISSIONER MCHUGH: We can
3 certainly schedule it in anticipation of that
4 once the arbitration proceedings start. We
5 know when the arbitration is going to end. We
6 know when the end of it is so we can go ahead
7 and schedule it, but we can't do it.

8 COMMISSIONER ZUNIGA: Right. Thank
9 you. Thanks for that reminder. Also, when the
10 parties realize that the likely outcome is to
11 start the arbitration, they can choose to begin
12 that without taking the full 30 days; is that
13 correct?

14 MR. ZIEMBA: That's correct.

15 COMMISSIONER ZUNIGA: And we
16 anticipate that that could be a possibility for
17 scheduling purposes.

18 MR. DAY: That's my understanding.
19 Mr. Ziemba?

20 MR. ZIEMBA: Thank you, Rick. So,
21 looking back significant time has elapsed since
22 the Commission first established the Region C
23 schedule and began accepting applications.

24 The Commission established the

1 current schedule on May 30 of last year. That
2 followed the Commission's decision to open
3 Region C for commercial license applications on
4 April 18. The deadline for Phase 1
5 applications was September 30 of last year,
6 2013.

7 As Rick said, we received one
8 application at that time. However, the
9 Commission has allowed existing applicants to
10 pursue a Region C license after that date.
11 Press reports indicate that there may be at
12 least one other proposal for a Region C
13 location in addition to that one applicant that
14 we received on September 30.

15 CHAIRMAN CROSBY: That was KG that
16 you're talking about.

17 MR. ZIEMBA: Correct, yes. As Rick,
18 noted the current deadline for Region C
19 applications is July 23.

20 COMMISSIONER MCHUGH: That's the
21 RFA-2, the substantive.

22 MR. ZIEMBA: RFA-2, the substantive
23 detail. We included on the Rick chart, this
24 one that's on the screen currently, we included

1 a date of March 25 on our schedule. And that
2 March 25 was sort of an aspirational deadline
3 for the conclusion of host community agreements
4 on that March 25th deadline.

5 That would have provided a very
6 significant time between the time of a
7 referendum and our application date to allow
8 applicants to complete their applications and
9 to complete any negotiations with surrounding
10 communities. Again, that was just an
11 aspirational deadline. It wasn't any sort of a
12 real deadline that tied into our July 23
13 application date.

14 Although July 23 still seems quite
15 some time away, it actually is not when one
16 calculates the minimum required period of 60
17 days between a host community agreement and a
18 referendum.

19 The time is even shorter if a
20 community decides to schedule the referendum 90
21 days after the host community agreement. So,
22 looking back from our July 23 application date,
23 a community would need to complete its host
24 community agreement by May 23 if it uses the

1 60-day referendum period. And a community
2 would need to complete its host community by
3 April 23 if utilized the full 90 days that is
4 allowed.

5 In cities, the schedule is even
6 tighter. A community would need to accommodate
7 a statutory 10-day period for certification of
8 election results. That has to be put into the
9 calculation of days. So, in cities, a host
10 community agreement would need to be executed
11 by May 12 to meet the July 23 application
12 deadline. Or if 90 days it would have to be
13 completed by April 11, 2014.

14 COMMISSIONER ZUNIGA: John, why is
15 that different in cities from towns, the 10-day
16 certification?

17 MR. ZIEMBA: Yes. The 10-day
18 certification only applies to cities. Many
19 communities may take the same 10 days, many
20 towns may take the same 10 days, but it is only
21 a requirement for cities under the law.

22 COMMISSIONER ZUNIGA: But hadn't we
23 decided prior that the 10 days could actually
24 just for the latest -- the out dates that the

1 10 days could come after?

2 MR. ZIEMBA: Yes, absolutely. So,
3 what we did to accommodate this requirement,
4 the Commission has previously waived that
5 requirement. And it could do so in this round
6 as well in the event that things do get tight.

7 Again, there is significant time
8 between now and July 23 but it's getting a
9 little bit tighter.

10 So, looking at those deadlines,
11 approaching deadlines one might ask whether or
12 not it's impossible to complete a full
13 application by July 23. I think the answer is
14 no. It is absolutely not impossible for
15 communities to put together a quality
16 application.

17 The chart that we have here that's
18 the second chart, the colorful chart, this one.
19 As that chart indicates included in your
20 packet, it is certainly not impossible.
21 However, the chart also indicates that it does
22 take quite a bit of time to put together a
23 complete application.

24 On the chart I put together the

1 experiences of our Category 2 and Category 1
2 applicants. The chart shows that each of these
3 applicants -- shows when each of these
4 applicants executed their host community
5 agreements, their first surrounding community
6 agreement, when their referendums were held and
7 when they filed their Mass. Environmental
8 Policy Act filings, the environmental
9 notification form, the draft environmental
10 impact report, if any was filed.

11 We have calculated the time that it
12 took to reach these milestones in comparison to
13 when the project was first publicly announced.
14 The announcement date is a little bit more of
15 an art rather than a science, because many of
16 these applications were thought about years and
17 years before they were actually formally
18 announced.

19 So, we're putting that here just for
20 reference purposes of how long it does take to
21 put together a good quality application.

22 You'll see that for many Category 1
23 applications such as Palmer, Sterling Suffolk,
24 and Crossroads, planning was occurring for many

1 years before a host community was actually
2 executed.

3 For others such as Everett, Hard
4 Rock in West Springfield, and to a lesser
5 extent, MGM in Springfield, the host community
6 agreement occurred in a matter of months after
7 a specific location and team was formally
8 announced. Albeit as I referenced there
9 obviously were discussions well before some of
10 these dates.

11 For Category 2, the time period
12 between announcement and HCA was significantly
13 less measured in days and months. Let me just
14 go over a couple of milestones for the Category
15 1 applications as they are much more relevant
16 to what we're talking about in Region C.

17 Even after host community agreements
18 were negotiated, there was significant time
19 before the first surrounding community
20 agreements were signed. For example, for the
21 Wynn application, Wynn entered into its first
22 surrounding community agreement in November
23 2013. That was almost seven months after they
24 executed their host community agreement.

1 As of this date, although agreements
2 are either pending execution or were agreed in
3 principal, we still don't have an executed
4 surrounding community agreement for the Mohegan
5 Sun applicant on file yet. But again there
6 were numerous agreements that were publicly
7 announced.

8 Similarly, for MGM there was period
9 of approximately seven months needed between
10 the host community agreement and surrounding
11 community agreements.

12 Thus it may take some time for these
13 applications to come forward. It's certainly
14 not impossible. As you can see from the
15 Category 2 chart that we put together, for
16 example, Penn National it took them
17 approximately one month and 22 days to enter
18 into their first surrounding community
19 agreement from the time of the announcement.

20 Also, just please note that the
21 environmental notification forms and DEIRs they
22 also do take some time. With ENFs occurring
23 for Category 1 as early as approximately six
24 months from announcement to a potential period

1 of years. Similarly, a draft environmental
2 impact report has taken approximately a year
3 after an announcement prior to filing.

4 Now I just provide this information
5 not as a way to say that our current deadline
6 is any way at risk. As I think we've
7 demonstrated or it's been demonstrated in the
8 past, deadlines are very important for getting
9 the parties together and getting parties to
10 move expeditiously.

11 But I mention this because there are
12 significant issues that face each one of these
13 applicants. So, some of the choices that are
14 made over the next couple months may not
15 reflect the choices that other applicants have
16 been able to make for Category 1 and Category
17 2.

18 For example, we have often cited
19 that it might make eminent sense to sequence
20 your host community agreement and then do your
21 surrounding community agreements, because if
22 you don't get your host community agreement,
23 there's not a need for surrounding community
24 agreements. But given the time between now and

1 July 23, that just might not be possible.

2 You might have to just work on
3 everything all at the same time. You might
4 have to go gangbusters with your environmental
5 documents, get all of the information to all
6 parties to enter into reasonable agreements.

7 One other point for the Commission's
8 discussion is that these dates were announced
9 well over or approximately a year ago. So,
10 that the parties have had some time to reflect
11 on the deadlines. And it might be useful to us
12 to just hear a little bit more about what the
13 actual experiences on the ground in Region C.
14 Whether or not there are any other sort of
15 impediments that applicants may be facing in
16 putting together their applications.

17 Certainly, there's been a lot of
18 moving parts as of late. We just issued our
19 Category 2 license. That might have some
20 impact. But it might be useful for the
21 Commission to discuss Region C and then also
22 discuss whether or not it might make sense to
23 ask for comments about the status of
24 competition in Region C.

1 CHAIRMAN CROSBY: John, give us your
2 best judgment of the status today. At the
3 moment, we don't know of a single solid
4 applicant, right? Could you just give us, run
5 through what your best knowledge is about the
6 status is of potential applicants and what your
7 sense is of why we are where we are.

8 MR. ZIEMBA: If you wouldn't mind, I
9 just have to speak in some vague terms.
10 Obviously, a lot developments are in the
11 process of putting together their proposals.

12 We certainly did have the one
13 applicant. I think that they had noted that
14 they are in pursuit of a partner for that
15 development down there. There's been other
16 publicly known proposals. Made known most
17 recently in Fall River, the folks from
18 Foxwoods, there was an announcement that they
19 were pursuing a site location down there.

20 So, I think that proposals are still
21 in the formation stages. People are trying to
22 get a good idea of how this makes sense
23 economically for them. Certainly, with a lot
24 more of the answers being given. No that we

1 know the Category 2 license location, people
2 will be able to make value judgments about how
3 profitable these centers would be.

4 Certainly, as we all knew going into
5 it, there will always be uncertainties
6 regarding the tribal gaming situation that
7 exists out there.

8 Potentially, there might be
9 differences in this one region from other
10 regions that may need further exploration. I'm
11 not certain that that's the case, but I think
12 that's within the realm of what would be good
13 to find out out there of what people's
14 experience is. That's in the context that
15 we've had rules, as I mentioned, in place for
16 quite some time. So, we have to cognizant of
17 how those work.

18 MR. DAY: And I think, Mr. Chairman,
19 a lot of the discussion is sort of contingent
20 on whether or not those that would join in the
21 process have already had their suitability
22 finding. To the extent that there would be new
23 applicants and new people that haven't been
24 before the Commission that would obviously make

1 -- extend that period of being able to get
2 ready before the application came.

3 CHAIRMAN CROSBY: That's one piece
4 that John hadn't mentioned is the background
5 check, is that timeframe. Of course, there
6 wouldn't be very many. So, our resources could
7 be focused on it. But that is a significant
8 gating mechanism if there are new players,
9 right?

10 COMMISSIONER MCHUGH: There can't be
11 any new players. The deadline for new
12 applications is gone.

13 CHAIRMAN CROSBY: No, but like if --

14 COMMISSIONER ZUNIGA: -- there's new
15 qualifiers.

16 CHAIRMAN CROSBY: -- new qualifiers,
17 new major qualifiers. They all are still
18 looking for partners. Like if KG Urban brought
19 in an operator that had not had a background
20 check done yet or if Foxwoods finds a landowner
21 that needs that kind of thing.

22 COMMISSIONER MCHUGH: I'm sorry.
23 That's right.

24 CHAIRMAN CROSBY: That is a

1 significant gating mechanism that just throws
2 another unknown here. Does anybody else want
3 to comment?

4 COMMISSIONER ZUNIGA: I think what
5 you alluded to John, I think it's good to just
6 ask for public comment about how is this region
7 in general or however we want to phrase it.
8 I'll remind ourselves that there is always a
9 waiver request process and maybe we'll get to
10 that or not, who knows? That should always be
11 in the minds of applicants, I guess. But I
12 think it's a good step to start this public
13 comment.

14 COMMISSIONER MCHUGH: I think it
15 would be helpful to start the public comment as
16 well. But I really would like to approach that
17 public comment with the notion that we've had
18 this process outlined and in place for a year.

19 We've got a 17 percent unemployment
20 rate or something approaching that in both New
21 Bedford and Fall River. And we've got a lot of
22 energy looking to this vehicle for boosting the
23 economy down there. And I would very much like
24 to keep this part of the process on track.

1 That's the presumption I suspect we all share
2 that. With that said I think comment --
3 whether it's comment on any aspect of it would
4 be appropriate.

5 CHAIRMAN CROSBY: We've been very,
6 very well served I think by having competition
7 for our licenses. There is no question that
8 for all three of the licenses that are now in
9 the mix, the really intense competition that
10 we've had for them has caused everybody to up
11 their game. There is just no question about
12 it.

13 The conversation that we had on the
14 Category 2 decision just last week, feeling
15 that we had two such strong -- three applicants
16 that could do the job well and two that were
17 really outstanding. So, I think it's very much
18 in the public interest to have a competitive
19 situation there. It is a very problematic area
20 for all the reasons that we know.

21 And to ask for comment on what will
22 help make it competitive, what are the critical
23 variables are, there are impediments. It's an
24 intensely competitive area. And we've made it

1 more competitive. But I think we need to be
2 explicit. What we're looking to do, we have
3 made a statement that we want to encourage
4 commercial applications. Right now we don't
5 have any commercial applications. We don't
6 know whether we're going to get any by July 23.

7 And the question I would like to ask
8 is from folks who are in this business, what
9 are the critical variables that are either
10 making it difficult or will make it easier to
11 become a competitor in Region C, if there are
12 critical variables which are within our
13 control. So, I would want to be explicit about
14 it.

15 As far as whether we make any
16 changes in the schedule, right now we can make
17 changes without being prejudicial to anybody.
18 If we have one applicant and make changes like
19 to encourage others to come in, we're
20 prejudicing against the party that is already
21 in play.

22 So, if we're going to make changes,
23 it's best that we make them before anybody is
24 at the table. This needs to be an expedited

1 process too.

2 Having said all that I am very much
3 in favor of -- For the moment, our schedule is
4 our schedule. I am with Commissioner McHugh
5 that that's the strong presumption. But I am
6 very much in favor of asking explicitly for
7 advice on what will make the competitive
8 environment more plausible in Region C.

9 COMMISSIONER STEBBINS: John, how
10 long a comment period do you want to allow?

11 MR. ZIEMBA: We could perhaps have
12 the comment period end prior to our next
13 meeting, which would be on the 20th to enable
14 us some time to compile the responses the
15 Monday prior to the 20th meeting -- excuse me
16 Tuesday morning prior to that 20th meeting
17 because the Monday is a state holiday. So,
18 that would be the 18th might be a good idea.

19 CHAIRMAN CROSBY: I'm sure a lot of
20 the potential players are watching, but as long
21 as they get the word, get the request for
22 information right away. If you all agree with
23 how I phrase that what is your advice on how we
24 can improve the competitive environment in

1 Region C and induce applications. If we can
2 get that out to them quickly then they can
3 certainly respond quickly.

4 MR. ZIEMBA: We could at least try
5 to have it on for the 20th. If it looks like
6 we need a little more time, we can talk to you
7 about that.

8 CHAIRMAN CROSBY: Great. I think
9 that's important thank you. That's an
10 important topic.

11 COMMISSIONER MCHUGH: Before we
12 leave this topic, the deadline, if I'm reading
13 this correctly, for completion of the
14 background investigation for new applicants
15 looks like it's March 8, the day after
16 tomorrow. Are we on schedule for that?

17 CHAIRMAN CROSBY: What would that
18 be?

19 MR. DAY: We don't have any
20 applicants.

21 COMMISSIONER ZUNIGA: The green bar.
22 That's along the aspirational notion that John
23 was mentioning. That has float. That's a term
24 of art in the schedule. So, that whole green

1 bar could slip.

2 CHAIRMAN CROSBY: There is no formal
3 deadline.

4 COMMISSIONER ZUNIGA: There is no
5 formal deadline. It's just a representation.

6 COMMISSIONER MCHUGH: But we were --
7 under this thing we were planning to have that
8 done, but our internal plan called for that to
9 be done on March 8 and then for us to go
10 forward with the suitability determination
11 within some measurable number of days after
12 that.

13 My only question is are we still on
14 that plan or are we not?

15 MR. DAY: I would say no. I think
16 the plan still would be to complete -- the end
17 part of the process would be to complete the
18 suitability before the application date. That
19 would be still possible I think at this point.

20 COMMISSIONER MCHUGH: By June 1 or
21 is that changing too?

22 CHAIRMAN CROSBY: By 7/23.

23 MR. DAY: June 1, if there are new
24 parties that would be difficult by June 1 to

1 complete the suitability process. But I think
2 it's possible, it would be possible, it depends
3 on how many people and how far they are spread
4 apart.

5 COMMISSIONER MCHUGH: I don't want
6 to spend -- belabor something that's entirely
7 hypothetical, but if the realistic deadline is
8 7/23 then you can't have realistically host
9 community agreements and referenda before 7/23.
10 The normal sequence is complete suitability,
11 then host community agreement, then host
12 community referendum, then application. That's
13 the normal sequence. But we've departed from
14 that.

15 CHAIRMAN CROSBY: More often than
16 not, I think.

17 COMMISSIONER ZUNIGA: Unless they
18 request the waiver from the regulation.

19 COMMISSIONER MCHUGH: That's right.

20 COMMISSIONER ZUNIGA: So, to your
21 point there is a tipping point there that it's
22 not really reflected here that after some date
23 they can only move forward if they request a
24 waiver.

1 COMMISSIONER MCHUGH: That's right.

2 And I'm saying that because we have one solid
3 applicant who's paid the \$400,000 now.

4 COMMISSIONER ZUNIGA: That's right.

5 COMMISSIONER MCHUGH: And this is
6 the schedule that that applicant was looking at
7 when they paid the \$400,000.

8 So, my question is are we still
9 progressing with this schedule or are we in
10 effect saying that entire schedule is in flux
11 at the moment?

12 MR. DAY: By default, I think we're
13 basically saying that schedule that's reflected
14 there is the default.

15 COMMISSIONER MCHUGH: That's the
16 default.

17 MR. DAY: Yes. Where it is not
18 going to be able to go forward because just as
19 you've noted it, especially when we get in new
20 applicants which are critical even to the
21 pending application, we're going to be behind
22 this schedule.

23 COMMISSIONER ZUNIGA: Let's just
24 stay with the applicant. Our understanding is

1 that that applicant does not have all of the
2 partners or qualifiers currently.

3 MR. DAY: That's correct.

4 COMMISSIONER ZUNIGA: So, for every
5 day after March 8 that passes where that's not
6 the case, continues to be not the case, there
7 will be a day for day delay until they identify
8 their team in full.

9 MR. ZIEMBA: And my remarks on that
10 were just based on public reports rather than
11 anything.

12 COMMISSIONER MCHUGH: I understand
13 that. And so, maybe I ought to save this until
14 the 20th. But there comes a point, it seems to
15 me at which at least it is conceivable that
16 there would come a point where a process simply
17 needs to be reformatted in its entirety. I
18 don't know that that we've reached it, I don't
19 know.

20 But it seems to me when we get the
21 comments on the 20th about how we can make the
22 process more competitive that is a conceivable
23 element of responses. And I would want to be
24 able to think about that at the next meeting.

1 CHAIRMAN CROSBY: Absolutely.

2 COMMISSIONER ZUNIGA: The duration
3 that's currently here of 38 days for the MGC
4 review would assume new qualifiers. That could
5 be all worked down to zero days if the current
6 applicant was to forge a partnership with an
7 existing already qualified (INAUDIBLE). So,
8 there's a lot of variability here, but I agree
9 with your notion, Commissioner, that there is a
10 theoretical reflection point where it's not
11 reflected here. There's a date out there
12 somewhere where it's no longer possible if
13 either the team is not complete or there's no
14 land or whatever the case may be.

15 COMMISSIONER MCHUGH: Okay.

16 CHAIRMAN CROSBY: Great.

17 MR. DAY: Mr. Chairman, that brings
18 me to the item under tab 3D in your packets,
19 which is the final agenda for the Internet
20 forum on March 11. I believe it's in this room
21 beginning at 8:30 for registration. I know
22 Commissioner McHugh has been leading the effort
23 and may have some additional comments on the
24 forum and our expectations.

1 COMMISSIONER MCHUGH: I don't have
2 any. You and I've been working together as a
3 team on this. I am really excited about the
4 lineup. I think that both substantively and in
5 terms of the quality of the people that have
6 agreed to be with us, we are going to a very
7 interesting day. It's going to be interesting
8 to see if we can fit it all into a single day.

9 We started out asking people to come
10 and everybody we asked came. So, we are very
11 gratified by that. The quality is terrific.
12 And the experiences are broad. And the
13 perspectives are going to, I am confident, be
14 very different on a lot of aspects of this.

15 And I think it's going to be a good
16 opportunity for us, for legislators, for the
17 public to think about this and to hear
18 knowledgeable people express different views
19 about the future and role of Internet gaming in
20 this constellation of forms of gaming that
21 we're dealing with. So, I look forward to it a
22 great deal.

23 MR. DAY: We do have I might
24 emphasize as well, we do have experts coming in

1 that will be talking specifically about some of
2 the areas that are always of controversy with
3 Internet gambling, problem gambling,
4 geolocation, age verification that will be
5 there.

6 And then we are very fortunate to
7 have, and I know Commissioner McHugh has noted
8 these in the past, but we'll have a
9 representative coming from Nevada, Ontario,
10 Delaware and New Jersey to talk about their
11 progress and how things have been going in each
12 jurisdiction, which I think will be extremely
13 interesting to find out. We've got the
14 speculation but how are things really going.

15 So, I think that'll be -- I do
16 agree. And the conference is ending with a
17 significant panel to discuss kind of how things
18 might look and what the structure might be in
19 the future. And I think that group is going to
20 be real enjoyable to listen to as well.

21 CHAIRMAN CROSBY: Great.

22 COMMISSIONER ZUNIGA: Yes, looking
23 forward to it.

24 MR. DAY: That brings me to item E.

1 What we had anticipated is the Commissioners as
2 you know of course has completed its evaluation
3 and work process for Category 2.

4 So, we thought this would be a good
5 spot to maybe pause for a few minutes and take
6 some time to debrief for a review of the
7 process, talk about any changes that the
8 Commission might see. And Jennifer Pinck and
9 Nancy Stack are both here to assist me in this
10 process, take down any suggestions or raise
11 some issues that might be worth some thought.

12 We thought in order -- we were doing
13 the category thing. We thought some of the
14 major categories that would be worth discussion
15 a little bit is the report format and the
16 timing that we used in the process, the
17 communication and the technical support just to
18 encourage some discussion around those topics.
19 But obviously, anything that might come to mind
20 to the Commission that you could give us
21 feedback or would be a worthwhile discussion,
22 we would appreciate it.

23 CHAIRMAN CROSBY: While we're at it
24 feedback from participants too would be

1 interesting too, if anybody's out there who was
2 paying attention last time. We welcome that as
3 well. Ms. Pinck?

4 MS. PINCK: I would like to say
5 first off I think it went better than in some
6 ways I expected. At certain moments along the
7 way, I thought, oh, my goodness how are we ever
8 going to do this.

9 I'm looking forward to the Category
10 1 because I think we've answered a lot of
11 questions about process. We've established
12 formats. So, I think the hard work in the
13 Category 2, we have the advantage of that being
14 behind us. So, it was a little like
15 build/design or design/build. We were
16 inventing things as we went along.

17 Some of the thoughts that we had,
18 and we really are looking for your thoughts
19 more than ours, is that the site visit we think
20 that you went on, had they been a little bit
21 earlier, may have formed some of the
22 discussion.

23 CHAIRMAN CROSBY: The site visits,
24 do you mean out of state?

1 MS. PINCK: Yes, to the actual
2 applicants' locations. There is a lot of
3 questions that cross categories. And I think
4 we might want to discuss a way of perhaps a
5 more formal process of trading information, if
6 you will.

7 I think that the information did
8 make it from category to category. And I think
9 finance and economic development had a lot of
10 overlap in mitigation and building and site
11 design, especially with respect to traffic also
12 had overlap.

13 My sense is that the communication
14 -- the information and the analysis did get
15 across the categories. And perhaps maybe we
16 want to approach that especially on these much
17 larger scale developments a little bit
18 differently.

19 But I would really welcome your
20 thoughts. The other thing that Executive
21 Director Day just said is timing. My staff
22 will tell you that I was kind of screaming at
23 them, we need these reports. We need these
24 reports. We have to have time. And at the end

1 we were scrambling at the end. I figured we
2 would be.

3 We'd like to have I think a more
4 considered amount of time to have Legal do the
5 review and our staff, myself, Nancy and some of
6 my staff do the consistency check between the
7 reports while we're also helping you with the
8 presentations. I think the volume of
9 information that we're going to be looking at
10 is that much bigger in some cases.

11 So, that would be one of my requests
12 of ourselves collectively is to give ourselves
13 some harder deadlines for the category reports
14 so that we can get them back to you also a
15 little bit ahead of time too to review and not
16 the night before you're planning to deliberate
17 or present.

18 MR. DAY: I know from some of the
19 notes that we made, I think it's good that
20 everybody actually refer -- now we know it's a
21 category report. And we know what the category
22 report is, the Commissioner's presentation,
23 usually a PowerPoint presentation are really
24 the products that we're trying to get to.

1 The timing issue what we had
2 targeted before was approximately about 10 days
3 before the actual delivery of the report
4 itself, a final draft for review by Legal and
5 Pinck and Company. The big thing ended up
6 being the redaction question, which is
7 something we've always been struggling with
8 through this whole application process.

9 Then the idea on the other part of
10 the timing was to try to get from draft to the
11 final reports available for fellow
12 Commissioners, they had about three days to
13 review those reports before you actually
14 started the process.

15 Those are the targeted dates that we
16 had used before and kind of touching base with
17 the Commission if that seemed reasonable as we
18 move forward. That would combine with what
19 Pinck and Company has done has done a schedule
20 for that whole period. So, the concept would
21 really be to have those targeted end dates and
22 then project a schedule in between if that kind
23 of projection is helpful.

24 The other thing that may be worth at

1 least a little thought is now we're talking
2 about significant possibility that Region B
3 will come before Region A. So, how does that
4 taking place work its way into the schedule and
5 the evaluation process and all of these
6 deadlines is, I think, worth at least some
7 thought because it will be different.

8 I mentioned as well the
9 communication issue, which I think we have
10 taken some steps to try to help with in the
11 future. One of them is we thought just talking
12 specifically about the category report and the
13 Commissioner's presentation, if we're all on
14 the same page with what we were calling those
15 things that's going to be helpful.

16 One might also be is Pinck and
17 Company has been submitting a two-week report
18 to me as well which contains schedule
19 information and those kinds of things. So, our
20 process is going to be is when that comes in
21 it's just going to be automatically forwarded
22 each one of the Commissioners as well so you've
23 got that information a lot closer to real-time
24 than any delay might be on my part.

1 Then one of the questions I think
2 I'll just check in with you is technical
3 support. We've been dealing with some of those
4 issues at this point already. But we want to
5 check in to see is there more. Each one of the
6 groups, each Commissioner do you feel like to
7 have what you needed for that support?

8 And then I'll add my little thought,
9 in the process we had got the reports and the
10 presentation then there was that pause is how
11 we got to the award. The good part is the
12 Commissioners did it. And it seems like it was
13 a pretty organized process, but I know for a
14 while we were wondering how do you get those
15 facts and converted them into an eventual
16 results. But that took place.

17 So, those are just some of the
18 topics that I wanted to throw out to the
19 Commission. Again, if you have any thoughts
20 that would be the idea is to garner that
21 information from you if something wasn't
22 working.

23 I know from Pinck and Company's
24 point support wise, we're probably going to be

1 looking at a better way to produce printed
2 copies of documents to make sure we can do that
3 a little bit faster and relieve some of the
4 pressure on them as well.

5 COMMISSIONER CAMERON: I think you
6 covered most of my thoughts on how to improve
7 the process, timing, communication. There was
8 not enough time or there could be more time to
9 review everyone else's materials and have a
10 good understanding, time for questions about
11 some very complicated issues. So, I think the
12 deadlines will help. I don't know that they
13 were as clear as -- I think when it's clear
14 what the deadline is, there's much more chance
15 of meeting those deadlines.

16 So, from my perspective, I think
17 between the two of you you covered some of the
18 areas in which we can improve the process.

19 COMMISSIONER MCHUGH: I share those
20 thoughts. And I think the design/build analogy
21 is appropriate. I felt that we were -- I
22 thought that we had designed a lot of it much
23 earlier, but it turned out that that design
24 hadn't stuck I guess. Then we came back to the

1 end where I thought we were at the beginning.

2 But we now have an idea, I think, of
3 what the big structural elements are. And as
4 part of the design/build process, I sometimes
5 felt that I did not know who was making the
6 decisions about changes.

7 And I did not feel that the
8 communication process, and I'm sure this goes
9 both ways, was what it should have been. And
10 so, it seems to me, picking up Commissioner
11 Cameron's, picking up on what you all said,
12 that it would be really helpful now that we
13 know what this thing is going to look like
14 essentially to put out a schedule, a detailed
15 schedule. And then figure out who is in charge
16 of changes to that schedule, and what the
17 communication process both input and output
18 with respect to changes should be. So, that we
19 know and know where to go if we are
20 dissatisfied with a change.

21 Also, and this is a minor thing, but
22 I think it would be really helpful. It comes
23 under the heading of version control. I think
24 every document we produce ought to have a date

1 or a version number on it. I did find on a
2 number of occasions that I couldn't configure
3 whether I had the most recent draft or was
4 working from something that was older.

5 CHAIRMAN CROSBY: That would be a
6 good process for everything we do, not just
7 this. I find that problem with a lot of our
8 stuff.

9 COMMISSIONER MCHUGH: Right. And I
10 think we ought to in this process and more
11 generally just reflexively put dates and
12 version numbers on what we are doing. But we
13 got through it and I think we got through it
14 with a really good product.

15 Now we've got that product and
16 beefing up the communication and structure that
17 surrounds it I think would be really helpful.

18 CHAIRMAN CROSBY: Both of you have
19 mentioned, do you have a critical path chart
20 for this process?

21 MS. PINCK: We started off with one.
22 And I think we failed or we did not maintain it
23 because of the variables that were changing it
24 so frequently, the surrounding community

1 petitions. I think we started off with
2 something that showed the award of the license
3 by the end of the summer December. That I
4 think is really one of the challenges we faced
5 is scheduling meetings and integrating them
6 with your schedules and all of the other
7 schedules that really were a factor.

8 I think now that we have finished
9 this, we can send you out an integrated
10 forecast of meetings. But I would hesitate to
11 say that it shouldn't be more reliable than a
12 month out, because we have five Commissioners,
13 five meetings. You have an enormous number of
14 topics to cover.

15 CHAIRMAN CROSBY: I am not speaking
16 that level of granularity but I mean like what
17 date do we have to have all of the reports
18 done. Prior to that what are the critical path
19 steps prior to that.

20 MS. PINCK: Okay.

21 CHAIRMAN CROSBY: There's a problem
22 with that because the decision date is in flux.
23 So, really you have to posit X. It's May 30,
24 but we all know it might be sooner or it's June

1 30 and we all know it might be sooner. So, you
2 posit decision day is X. Then move back with
3 each of the big critical path items. I think
4 that would be helpful.

5 We know there's a ton of moving
6 pieces within those critical path items. But
7 as Commissioner Cameron said, if we have those
8 deadlines, if we know that such and such has to
9 be done by such and such a time, it would be
10 helpful.

11 MS. PINCK: That's easy. We can do
12 that.

13 CHAIRMAN CROSBY: Yes, I think that
14 would be helpful.

15 MR. DAY: We'll make sure the master
16 schedule -- Jennifer and I met about weekly
17 talking about dates and looked at schedules
18 more towards the end of the last process. So,
19 we'll do that again. And we'll make sure we
20 get an updated master schedule to them so
21 they've got that. Then we do share, go over
22 specific dates on the Commission's calendar as
23 well.

24 I think one thing we were going to

1 try and work out is to any evaluation group
2 meetings, we were going to try to bring onto
3 the calendar as well. Get those there so
4 everybody can see them.

5 CHAIRMAN CROSBY: That's fine to the
6 extent we can do that, yes, that's fine.

7 COMMISSIONER CAMERON: To you
8 respond to your -- Director Day, you mentioned
9 the expedited process for Region B, I know with
10 my particular evaluation group we thought about
11 tackling that first, the one application and
12 really prioritizing that. So, that was our
13 thought on the best way to handle it. Rather
14 than handle them three at a time just really
15 focus and then move on.

16 MR. DAY: Commissioner Cameron, I
17 think that's a good question, because that's
18 kind of what I was looking at too. Is that a
19 standard approach you might want to do is
20 concentrate on Region B, get that completed and
21 then move forward? Or do the Commissioners by
22 and large think still trying to do all three at
23 the same time in the groups would be better.

24 COMMISSIONER STEBBINS: I had asked

1 my folks, my evaluators to start with the
2 Region B application first even before we knew
3 the results of the Revere election. So. to
4 jump on that. Some of the onus is -- I know
5 there's some onus at least back on me that I'm
6 getting more diligent about a regular schedule
7 for myself to sit down with the folks who are
8 helping me evaluate the applications. We're
9 always going to some slippage, but if I lock
10 into a certain date, a certain time then that
11 helps everybody else's schedule along the way.

12 I didn't think that -- Jennifer you
13 made the point that maybe our site visits
14 didn't fall within the right schedule, I guess.
15 I felt they were timely and had given everybody
16 a chance to get through the application so we
17 had a better idea of the things we wanted to be
18 looking for when we actually did the site
19 visits.

20 So, I have no problem with doing
21 those a little bit -- I don't want to say right
22 near the end of the process, but we certainly
23 had well over a month before our decision to
24 get the site visits in. And by that point, we

1 had really gone through the applications.

2 I find that some of my -- We met
3 yesterday. I fully expect that some of my
4 questions are going to be different for the
5 Category 1's than maybe we had for the Category
6 2's at the host community hearings. Projects
7 are different, regions are different.

8 I'm going to be I guess as blanket
9 same question to everybody. There'll be some
10 overlap. Again, schedule and I felt there were
11 a couple of times was I falling behind the
12 scheduling deadline. I know Nancy well enough
13 that she can push back or light the flame if
14 that needs to happen. Tightening it up for
15 this next round will be helpful.

16 MS. PINCK: We will issue a master
17 schedule which shows also deliverables. We
18 didn't really know until the end exactly which
19 attachments would be produced. I think we had
20 a general notion. If we could forecast those,
21 because those could be ready perhaps ahead of
22 time. And then the scramble at the end is
23 lessened.

24 I know also the forms that you're

1 filling out are produced now so there's less of
2 the evolutionary process that I think
3 Commissioner McHugh referred to.

4 The one thing that you mentioned
5 Chairman Crosby about what happens to letters
6 and comments that come in through MGC mail. We
7 were monitoring those because we wanted to get
8 a sense of was there some key information that
9 none of us might know about, none of the
10 technical reviewers might know about. So, we
11 made an effort to highlight those.

12 But I will tell you I was not sure
13 was anybody else really looking at these. And
14 I think that's a question we should talk about
15 with staff so that we know what the process is.

16 I think it was very useful for us to
17 look at them because we distribute them down
18 into the groups. But I do think there were
19 some letters there that raised some significant
20 issues that -- If we're the only one flagging
21 them to you, great. But I'd like to know
22 whether that's the case or not. I don't think
23 it was, but we'd like some definition to that.

24 CHAIRMAN CROSBY: You can add that

1 into Derek's.

2 COMMISSIONER MCHUGH: To pick up on
3 that, and I can't remember the context it came
4 up but I know that I got, maybe I personally or
5 our group got and discussed some stuff that we
6 didn't pass onto you just because we didn't
7 think of doing it until Margaret said we need
8 to have a better control on this. And then we
9 started doing it.

10 So, we ought to have as part of
11 whatever the game plan is that if a group sees
12 or uses some document it gets passed onto you
13 so that you can do that kind of does somebody
14 else need to have this information that we
15 have. I forgot about that but that was a
16 deficiency on our part

17 MS. STACK: Just one minor comment.
18 I had spoken a little bit with John Ziemba and
19 Gordon as well about trying to firm up the
20 deadlines for feedback from public agencies,
21 particularly Mass. DOT's comments on things
22 like traffic which have a big impact on these
23 sites, and will be more so, I think, for the
24 casino locations.

1 And we are fortunate that their
2 environmental impact reports a little further
3 along for these Category 1's than they were for
4 twos. So, we're hopeful to try to encourage
5 that agency input to come in sooner in your
6 process so that it can be incorporated into the
7 evaluation. And that's one of the things that
8 we're going to work towards to help a little,
9 try to avoid a Friday night letter.

10 MR. ZIEMBA: One thing I'll mention
11 that in conversations with the agencies, we
12 started very early on with our conversations
13 with the agencies, but I think what we were
14 deficient on was giving them the final deadline
15 date by which their comments were needed to be
16 sent in until way too late in the process.

17 So, they reacted to those deadlines
18 once given. They had a complete knowledge of
19 what we were looking for. Similar to the
20 timetables that we're talking about on the
21 deadline schedule, I think that would be very
22 helpful to the agencies.

23 CHAIRMAN CROSBY: That should be on
24 the critical path chart and they should be

1 apprised of that.

2 MR. ZIEMBA: They have obviously a
3 lot of things to do. And they have been very
4 helpful in giving us those comments.

5 COMMISSIONER MCHUGH: And in each
6 case, their comments were enormously helpful.
7 Substantively, they were terrific.

8 MS. STACK: Absolutely.

9 COMMISSIONER ZUNIGA: One thing at
10 least from the finance team or the finance
11 group or the group advisors that we flagged as
12 very important in this case is the market
13 assessment. You are all familiar with the
14 methodology. We could review it, anybody could
15 review it or get more comfortable if needed.

16 But in this case there is a bit of a
17 different flavor to the market assessment
18 because now we're talking out of state more so
19 in the Category 2. And that gets into of
20 course the monetary gains or projections but
21 very importantly on tourism and other aspects
22 that cross pollinate.

23 So, I'm hoping to have that ready a
24 lot earlier. That's something that I am

1 stressing that would be helpful to your group,
2 Mr. Chairman, as well.

3 CHAIRMAN CROSBY: And I think for us
4 to talk about because it's so clear already,
5 these are three very, very different business
6 strategies, really different product
7 positioning. It's fascinating, but they are
8 really different.

9 And trying to bring an objective
10 analysis to those and then ultimately we're
11 going to have to make in the case of Region A a
12 competitive trade off. But they start from
13 such different starting points that the
14 reviewer is going to have to be able to go with
15 the flow and understand.

16 This is not a cookie-cutter analysis
17 because they are all so different in their
18 strategic approaches. So, having the time to
19 iterate that and having us have the chance to
20 see what the market assessments come up with
21 and then iterate with you, I agree with you. I
22 think much more so than on the first round and
23 that was intricate enough. But even more so on
24 this that's important.

1 COMMISSIONER ZUNIGA: The good news
2 is that now in the market assessment there is
3 one fixed point.

4 COMMISSIONER MCHUGH: You mean we
5 get fewer orange lines?

6 MR. DAY: Mr. Chairman, just by way
7 of clarification because Commissioner McHugh
8 mentioned, I think, it's important that at
9 least from my perspective and I think Jennifer
10 and Nancy as well is that the Commissioners are
11 the responsible person for your group and your
12 category. So, if there are any changes they
13 need to come from you to us. It's not our
14 intention to make any changes and do it the
15 other way around. I think it's important to
16 have that clarification of who's doing what.

17 COMMISSIONER MCHUGH: Let me just
18 explore that for a second. I think that's
19 right. Each of us is in charge of our review
20 and we have to be in charge of our review. On
21 the other hand, there are joint things that
22 affect us all. And one of the things that I
23 thought was going on in the late stages of the
24 design/build was that a Commissioner had an

1 idea and every Commissioner's idea is perfect.

2 They're all great ideas. But they
3 don't all line up the same way. And so that
4 idea was being shopped around to other
5 Commissioners who either agreed or disagreed.
6 And my sense was that that was absorbing a lot
7 of energy that didn't need to be absorbed in
8 that task.

9 CHAIRMAN CROSBY: What kind of thing
10 are you talking about?

11 COMMISSIONER MCHUGH: What form
12 should this document take? Should we circulate
13 everything in the report or not circulate
14 everything in the report? Should we I get --
15 but it was things on that order.

16 These were not monumental decisions,
17 but I found myself going down some path and
18 then being told typically by Jennifer that we
19 had decided to change. We were going down a
20 slightly different path. So, I went back and
21 reworked some stuff to go down that path. Or
22 pushed back and said why are we going down that
23 path?

24 So, those points of commonality need

1 to have a decision-maker/communicator. And it
2 doesn't make any difference to me who that is.
3 But it seems to me we ought to have one because
4 the what do you think about this and let's walk
5 around to the five Commissioners with this idea
6 and then figure out what we're going to do is
7 not the most efficient way to do that. And
8 they're small things, so it doesn't affect the
9 substance. For me I found it absorbed a lot of
10 energy.

11 MS. PINCK: I would agree. I would
12 predict that we may not have those because we
13 do have a lot of questions about form and
14 approach pretty well settled. And we are also
15 saying that what each Commissioner does not
16 need to be a cookie-cutter of each other
17 Commissioner reports. I think that was where
18 some of the tension lay.

19 COMMISSIONER MCHUGH: I fully agree
20 with that and I expect the volume of those
21 issues to be much smaller. On the other hand,
22 the volume of stuff that we've got to deal with
23 is much higher.

24 So, I just think we ought to give it

1 some thought. I don't have a perfect solution.
2 I don't know how it should be solved. I really
3 don't care how it's solved. But it seems to me
4 we ought to give some attention to that.

5 MS. PINCK: I think we can come up
6 with something.

7 MR. DAY: One way I think we can
8 help address it is with our weekly meetings.
9 Any issues that are coming up, we can discuss
10 those and then determine which direction they
11 need to go. Maybe something has to come back
12 to the Commission. So, I think we can outline
13 a process to do that.

14 COMMISSIONER ZUNIGA: Actually, we
15 had a lot of discussions about process and
16 format leading up to this. But I think
17 everybody has a better idea of a lot of that
18 because we've seen now what everybody was
19 thinking.

20 COMMISSIONER MCHUGH: I think what I
21 was talking about is an inevitable part of a
22 design/build. You've got a person in charge of
23 the living room. You've got a person in charge
24 of the dining room. And somehow the thing gets

1 built and the next time you do it a little
2 differently and a lot more efficiently.

3 CHAIRMAN CROSBY: We've got five
4 general contractors. I just had a few other
5 comments. First of all, I just thought for the
6 most part the process bottom line was very
7 good. I was proud to be a part of it.

8 We've used the sausage metaphor a
9 few times and it is appropriate. But the
10 bottom line was it was something -- I don't
11 know that there's ever been a decision-making
12 process for a big public procurement like this.
13 I don't know if there's ever been one like this
14 before anywhere. So, the design/build was very
15 profound. I was proud of it. I thought it was
16 a great process and it worked out remarkably
17 well.

18 The quality of the questions just in
19 my own mind, if I had it to do it over again,
20 we would write these questions much better. I
21 think we mentioned this in the past, we were
22 coming up with evaluation criteria and then it
23 turned into the application form.

24 My questions are not well drawn at

1 all. And they are a little bit repetitive and
2 they could be better. I think the applicants
3 had figured out how to respond pretty well, but
4 if I had it to do over again, I would edit
5 those questions a lot.

6 COMMISSIONER ZUNIGA: Can I mention
7 something about that because I had that thought
8 as well. Which at least this time around we
9 should have very much in mind when we ask the
10 questions that we're going to ask of the
11 applicants at the host community hearings.

12 I'll give you a quick example.
13 There was this notion of slots in the finance
14 team of slots product or slot plan. That's a
15 question that was effectively answered in a
16 couple of different places given the questions
17 that we had in the application. That's
18 something that we can easily put forward in the
19 host community hearing and get a much more
20 thorough understanding.

21 CHAIRMAN CROSBY: My questions are
22 so few compared to the others and particularly
23 in the slots application had so much less
24 relevance. I may well need some staff help

1 this next time around. You guys participated a
2 lot and helped me take notes and stuff, but it
3 may be a bigger deal. You may need to think
4 about that how that's going to happen. You've
5 only got so many bodies, I don't know how
6 you're going to divide them up. But I might
7 need a little --

8 MS. PINCK: For record-keeping, is
9 that what you need?

10 CHAIRMAN CROSBY: Yes.
11 Recordkeeping for sure and then eventually when
12 we translate it I may have a much different
13 kind of approach next time.

14 MS. PINCK: We can supplement that.

15 CHAIRMAN CROSBY: Just be aware of
16 that. I mentioned the critical path chart. As
17 far as A or B first, ironically my group
18 thought that they wanted to focus on A first
19 because it is going to be the competition.
20 It's really going to require the most nuanced
21 work because there's eventually going to be a
22 decision made. So, they wanted to go first on
23 A and make sure that they get A done really,
24 really well. If we ended up having to

1 compromise on time, they'd rather compromise on
2 B where there's not the competitive decision to
3 be made. But it's everybody's taste on that.

4 Any other thoughts, any other
5 feedback? As I said, to anybody out there
6 who's watching and participating, we're
7 certainly interested in other feedback. We
8 appreciate praise but we'll take constructive
9 feedback too. Okay. Anything else?

10 MR. DAY: Thank you Commissioners.
11 That leaves the Legal Division item four.

12 COMMISSIONER MCHUGH: Could I just
13 add one thing just about what you said. My
14 group is going forward with all three together.
15 And if there comes a time when we have some
16 unanswered questions that we need more
17 information about, we will try to get the
18 answers from the Springfield applicant first
19 because we're doing that.

20 But I know that we are all devoted
21 to not -- by prioritizing that we are all
22 devoted to the need to give each one of these
23 the most thorough in-depth analysis that's
24 possible even if we need to schedule extra

1 meetings and meet day after day to get that
2 thorough analysis done, and assure ourselves
3 and the people affected by it that we've given
4 everything our full attention.

5 So, this prioritization thing talks
6 about sequencing not the depth of analysis.
7 I'm sure we are all committed to that.

8 CHAIRMAN CROSBY: I implied
9 something to the contrary but I am totally with
10 you.

11 MR. DAY: Part of that is the
12 concept of Region B possibly being ready to
13 make a decision earlier, which we want to make
14 sure that we are fast on our feet and ready to
15 go.

16 COMMISSIONER MCHUGH: Right, right.

17 COMMISSIONER ZUNIGA: In finance we
18 are doing the same approach. But if we end up
19 having to report on one before, we can just
20 easily cut out the other.

21 If we're going to get to the next
22 topic, can we take a quick break?

23 CHAIRMAN CROSBY: Yes. I was going
24 to suggest that we do that. It's been almost

1 two hours. We'll take a break.

2

3 (A recess was taken)

4

5 CHAIRMAN CROSBY: We are going to
6 reconvene at 11:25. We're going to take item
7 eight, Information Technology next.

8 MR. GLENNON: Thank you, Mr.
9 Chairman. Mr. Chairman and members of the
10 Commission, since my last appearance before
11 you, we have made measured progress in the
12 drafting of regulations relative to electronic
13 gaming devices in Massachusetts.

14 We have continued collaborative
15 discussions with manufacturers, independent
16 testing laboratories, regulators in other
17 jurisdictions and operators as well. All who
18 have in a way, one way or another provided
19 input into the draft. We appreciate the help
20 received to date and expect to continue the
21 dialogue as we work through the regulation
22 review and promulgation process.

23 I also want to acknowledge the hard
24 work and heavy lifting of staff attorney Artem

1 Shtatnov to my right and the support of Deputy
2 Counsel Todd Grossman in developing the draft
3 that you have before you here today.

4 We are presenting the first draft,
5 three sections of the regulations for inclusion
6 in 205 CMR. In addition to the input received,
7 our draft borrows language and innovative
8 concepts from Ohio, Kansas, Pennsylvania and
9 Nevada.

10 Section 138 is the gaming devices
11 and electronic equipment section. We adopt and
12 incorporate by referencing GLI standards, which
13 are used by regulators nationally and
14 internationally as foundations for
15 jurisdictional technical standards.

16 Section 139 approval of slot
17 machines, electronic gaming equipment and
18 testing laboratories, this section covers the
19 certification of independent test laboratories
20 and the process for testing, certification
21 permitting and registration of electronic
22 gaming devices.

23 Section 140 possession of slot
24 machines covering the transportation and the

1 possession of electronic gaming devices.

2 Because this is the first draft,
3 we've highlighted areas that require policy
4 decision or clarifications at a future meeting
5 of the Commission. My plan is to follow the
6 established process and incorporate your
7 feedback into this first draft and come back
8 before you in several weeks for deeper guide
9 into the substantive policy issues that the
10 Commission needs to consider and decide.

11 At this point, I'm going to turn
12 over to Attorney Shtatnov who will take you
13 through each of the proposed regulations and
14 point out some of the specific areas for your
15 consideration.

16 MR. SHTATNOV: Commissioners, so the
17 first section is section 205 CMR 138. That is
18 the regulations on the gaming devices.
19 Basically, in that section we adopted the GLI
20 standards which is basically industry-standard.
21 And we made certain modifications to those
22 standards to account for problem gaming.

23 The highlighted portions are some of
24 the Commission decisions that will need to be

1 made and we'll take into consideration the
2 problem gaming aspects that Mark Vander Linden
3 is going to help us add to these regulations.

4 But one major policy decision that
5 the Commission is going to make on page two of
6 the regulations. It is how to define a slot
7 machine. There are certain devices that
8 contain multiple gaming positions at a single
9 electronic gaming device. And it isn't clear
10 whether Chapter 23K wants to treat that device
11 as a single slot machine or as a single slot
12 machine per each gaming position at the device.

13 COMMISSIONER ZUNIGA: Do you want
14 some comments in the meantime or do you want to
15 go through --

16 MR. GLENNON: It's a discussion, so
17 absolutely.

18 COMMISSIONER ZUNIGA: I think it's
19 great that you highlighted these topics because
20 some of them are very relevant to the economics
21 and the problem gambling and what this does to
22 even the Category -- to both Categories.

23 But I think we should consider or
24 ask for specific comment on whether we could

1 have more than one gaming position per slot
2 machine. Especially during -- Because again
3 the economics are different. Category 2 is
4 limited by this number. This applies to only
5 one category. Because the Category 1's are not
6 limited by the number of machines. So, there
7 is an imbalance there already to de facto,
8 which is what the Legislature intended.

9 Also, the Commission and then the
10 state derives a different economic benefit from
11 one Category versus another, 49 percent versus
12 25 percent. So, I would be in favor of
13 studying in more detail what this could do in
14 terms of economics for the Category 2. Or at
15 least entertain the idea that this regulation
16 could be interpreted with some other ratio
17 other than one-to-one.

18 COMMISSIONER CAMERON: I brought up
19 the same point yesterday when I was briefed.
20 And I know it is the intent to put it out for
21 comment.

22 CHAIRMAN CROSBY: Would it be
23 feasible do you think to interpret it one way
24 pre-competition and another post? In other

1 words, the market might bear substantially
2 greater numbers of seats pre-competition, but
3 arguably post competition (A) demand will
4 decline and (B) the Category 1's have a right
5 to have a different expectation perhaps.

6 COMMISSIONER ZUNIGA: Yes, they do.
7 It all depends as to whether the ratio of one-
8 to-one was significantly different from one-to-
9 one or very close to one-to-one.

10 If we were to impose certain limits
11 to that ratio as other states have done or
12 there was no limit, then of course we would get
13 a lot of comments from the Category 1's saying
14 that's our competition. Now the economics are
15 shifting in the other direction. I think
16 that's something that we certainly could think
17 about.

18 Electronic table games come to mind.
19 While there are real table games, we may not
20 want to have that overlap but while there
21 aren't any because those are being constructed
22 and that takes a long time, we may decide that
23 it's of greater economic benefit to the
24 Commonwealth to do that.

1 COMMISSIONER MCHUGH: I think that
2 second piece, the piece you just pointed to is
3 equally as important whether it's a one-to-one
4 or multiple-to-one, because the multiple-to-one
5 is going to be most applicable to electronic
6 table games.

7 And we've got to come to an
8 independent decision on that it seems to me as
9 to whether whose outcome is driven by a random
10 number generator is a slot machine for purposes
11 of this. Or whether a slot machine looks like
12 the old time slot machines. And I think those
13 two are almost inseparable and they are both
14 very important. I think we absolutely need
15 comment on that.

16 Could I ask just a technical
17 question? It didn't occur to me yesterday when
18 we were talking because I hadn't really
19 absorbed fully this. We will find some place
20 the GLI standards against which this is based,
21 against which these regulations are written.
22 Are they online? Because some of these things
23 are impossible to understand unless --

24 MR. GLENNON: Yes, each of the

1 standards are published on the GLI website and
2 available as a PDF. Artem, I believe, has the
3 full set here. But they are publicly available
4 from the GLI website.

5 COMMISSIONER MCHUGH: The GLI
6 website.

7 MR. GLENNON: Yes.

8 CHAIRMAN CROSBY: You might send the
9 link around just to make it simpler.

10 MR. GLENNON: We can do that
11 following the meeting, absolutely.

12 COMMISSIONER MCHUGH: Great. Okay,
13 thanks.

14 CHAIRMAN CROSBY: On page two it
15 says replace in section 3.3 50,000,000 to 1
16 with 50,000,000 to 1.

17 MR. GLENNON: These are placeholders
18 where we will be informed by Mark's
19 recommendations for responsible gambling.
20 These would be requirements we would put on the
21 manufacturers to include in their software as
22 timeouts or notifications of --

23 CHAIRMAN CROSBY: So, is that what
24 these all are? Are these all timeouts in

1 effect?

2 MR. GLENNON: One of them is a
3 payoff percentage.

4 MR. SHTATNOV: This one in
5 particular, the one that you mentioned is the
6 maximum odds for the jackpot occurring. So,
7 every 50 million games on average there should
8 be at least one big jackpot. But we can change
9 that depending on the public policy concerns.

10 CHAIRMAN CROSBY: We talked a little
11 bit yesterday about the various kinds of
12 timeouts and here's how long you've been
13 gambling or here's how much money you've lost.
14 Is that going to be discussed here? Or is that
15 something that Mark is going to be making
16 recommendations? Where does that come in?

17 MR. SHTATNOV: This is something
18 that goes into our regulations because it needs
19 to be implemented into the actual slot machine
20 but Mark is going to help us with those to tell
21 us which ones are the best.

22 CHAIRMAN CROSBY: That would be
23 added to this section.

24 MR. SHTATNOV: Yes.

1 MR. GLENNON: This section is really
2 just kind of a straw man for filling in with
3 what Mark is going to bring to the table.

4 CHAIRMAN CROSBY: So, there's not
5 much point in us really discussing this very
6 much at this point. This is really pretty
7 introductory.

8 MR. GLENNON: I believe that's
9 correct.

10 CHAIRMAN CROSBY: Okay.

11 MR. SHTATNOV: So, there's a very
12 similar policy issue that that Commissioner
13 McHugh touched on. That is whether we define a
14 slot machine as a traditional type of machine
15 with the free spinning wheels or we interpret
16 it more broadly to include any type of
17 electronic gaming device that relies on a
18 random number generator.

19 COMMISSIONER ZUNIGA: Artem, what
20 would that do or mean if it was interpreted
21 very, very broadly?

22 MR. SHTATNOV: If it was interpreted
23 more broadly then the vendors for the slots
24 parlor could potentially have a slot machine

1 that has games on it such as electronic poker
2 or any other electronic game that doesn't
3 involve a dealer assisting with it.

4 COMMISSIONER ZUNIGA: Thank you.

5 CHAIRMAN CROSBY: You're not playing
6 against other people. You're playing against a
7 random number generator. Is that right in
8 effect?

9 MR. SHTATNOV: Well, you're playing
10 in conjunction with a random number generator.
11 There are some slot machines that are like
12 electronic poker where you are playing against
13 other players but all on the same outcome of
14 the cards that are dealt electronically.

15 CHAIRMAN CROSBY: Right.

16 MR. GLENNON: I think we make the
17 distinction that an electronic game doesn't
18 involve any dealer intervention.

19 COMMISSIONER ZUNIGA: I'm sorry.
20 Say that again, John.

21 MR. GLENNON: Does not involve any
22 dealer intervention. There are some games
23 where there's a dealer assist. There's an
24 electronic game. There are multiple people at

1 stations where the dealer participates in some
2 way in the outcome.

3 We're saying that an electronic
4 device has no dealer participation,
5 distinguishing between a table game and an
6 electronic game.

7 COMMISSIONER ZUNIGA: By dealer we
8 mean even an electronic dealer?

9 MR. GLENNON: No, a person.

10 COMMISSIONER ZUNIGA: The
11 distinction is when there's a person you're a
12 table game?

13 MR. GLENNON: Right, correct.

14 COMMISSIONER ZUNIGA: If there's
15 only an algorithm it could fit into a slot
16 machine.

17 COMMISSIONER STEBBINS: Is there
18 also a clarification in the definition about a
19 person needing to assist somebody with the
20 winnings, i.e., at a table game, somebody is
21 not only may be dealing the cards or spinning
22 the wheel but handing out the winnings? Is
23 that one of the clarifications or the definers
24 that I read?

1 MR. SHTATNOV: If you look at page
2 four of our regulations, it defines electronic
3 -- It says that a slot machine is an electronic
4 table game as long -- I'm sorry, an electronic
5 table game is defined as a slot machine unless
6 a dealer intervenes before the determination of
7 actual winnings.

8 So, if a slot machine provides
9 winnings that are of substantial value and you
10 can't collect those without a person
11 intervening that would still keep it under the
12 definition of a slot machine.

13 COMMISSIONER MCHUGH: If you had to
14 go to the cage to get a payout, although the
15 payout was determined by the machine --

16 CHAIRMAN CROSBY: -- it's still a
17 slot machine.

18 COMMISSIONER MCHUGH: -- it's still
19 a slot machine.

20 MR. SHTATNOV: Yes.

21 COMMISSIONER ZUNIGA: How does this,
22 the withholding conversation would have some
23 bearing here, right? If the withholding
24 threshold was higher or lower that would affect

1 this?

2 MR. SHTATNOV: I don't know that the
3 withholding threshold would affect the
4 definition of a slot machine because any
5 outcome is still going to be generated without
6 human intervention. Withholding is only taken
7 into account after the outcome is determined.

8 COMMISSIONER ZUNIGA: Okay, thank
9 you.

10 MR. SHATNOV: The next policy issue
11 the Commission should consider is on page
12 three. And it's whether or not we want to have
13 the slot machines accept coins, tokens, bills,
14 debit cards or credit cards. This is more from
15 the problem gaming perspective, whether or not
16 we want the patrons to be able to pay directly
17 at the machine or have to go to a separate
18 kiosk or individual to convert the currency
19 into a ticket that he uses at the machine.

20 COMMISSIONER CAMERON: Do we know a
21 percentage or an idea of which jurisdictions
22 allow which method here?

23 MR. GLENNON: I don't have an exact
24 delineation, but we can get some, I think some

1 anecdotal information. I think the industry is
2 adopting cashless wagering more and more
3 frequently for any number of reasons.

4 I had a discussion with somebody
5 that about security. The more places you take
6 physical money, the more risk there is to have
7 to collect it and aggregate it. So, not only
8 is there an issue around problem gaming,
9 responsible gaming but also security.

10 COMMISSIONER MCHUGH: That's
11 interesting.

12 MR. GLENNON: But I will get you the
13 information.

14 COMMISSIONER ZUNIGA: I look forward
15 to that because the one thing that I think here
16 could be a competitive disadvantage in our
17 tight gaming market is bills. If our slot
18 machines did not accept bills, I think that may
19 leave again some competitive disadvantage. We
20 may turn off some players.

21 MR. GLENNON: I think in our
22 conversations, our assumption -- In a
23 jurisdiction like Las Vegas where there are
24 150,000 machines scattered across the landscape

1 in every store, I think, it makes sense to
2 accept bills.

3 I think in the three or four
4 locations that we're licensing people go there
5 to gamble. There will be kiosks with bill
6 acceptors on the floor in close proximity to
7 most of the games to allow cards either to be
8 issued or updated that will accept cash that
9 will accept credit cards, etc.

10 I think making the distinction isn't
11 going to change the ability to gamble or be
12 competitive.

13 COMMISSIONER ZUNIGA: I am concerned
14 with Connecticut and Rhode Island and that
15 differentiator.

16 CHAIRMAN CROSBY: Presumably this is
17 something we will get feedback on.

18 MR. GLENNON: Absolutely.

19 CHAIRMAN CROSBY: I'll be interested
20 to hear what our applicants have to say about
21 this.

22 MR. SHTATNOV: Also as an additional
23 clarification on this issue, although we intend
24 to only accept tickets or cards at the machine

1 that doesn't mean that the individuals playing
2 need to identify themselves when they pay for
3 the card.

4 CHAIRMAN CROSBY: Right.

5 MR. SHTATNOV: The next policy issue
6 for the Commission is on page five. So, we are
7 anticipating adopting the G2S standard for the
8 slot machine communication protocol. G2S is a
9 very rich data set for the slot machines to
10 provide us with significant information for
11 regulation.

12 The current industry standard is
13 SAS, the slot accounting system. But we
14 believe that the G2S system gives us
15 significantly more data and will be a better
16 regulatory tool.

17 That being said, it is a more
18 expensive system and we believe that there
19 should be some time for the slots parlor to
20 comply with that and not immediately impose a
21 G2S system on them from the first date of
22 opening. So, we put a sun setting provision
23 potentially for January 1, 2017 by which time
24 all gaming establishment in Massachusetts would

1 need to have G@s in place.

2 The next section of regulations is
3 139. That goes into the process by which
4 gaming devices permitted and registered for use
5 in the gaming establishment. So, the process
6 begins when a gaming vendor applies -- when a
7 gaming vendor submits an application to an
8 independent testing lab that the Commission
9 will certify.

10 Then that independent testing lab
11 test will test the gaming device and send a
12 report back to the gaming vendor. That vendor
13 will then be able to use that report to submit
14 for an application for a permit with the
15 Commission. At that point, the Commission will
16 be able to test the devise further if necessary
17 and then either issue or deny a permit for that
18 device.

19 Upon issuance of the permit that
20 means that the gaming vendor can sell those
21 devices to the casino. And when the casino
22 implements a certain device, it would need to
23 register each copy of that device. The
24 registration process is basically a

1 notification to the Commission so that we know
2 which devices are in use.

3 COMMISSIONER MCHUGH: Go ahead.
4 Were you going to talk about the policy
5 question on page eight?

6 CHAIRMAN CROSBY: I thought that's
7 what he was talking about.

8 COMMISSIONER MCHUGH: Oh, I'm sorry.

9 MR. SHTATNOV: Sure, I can.

10 COMMISSIONER MCHUGH: My question
11 was why a six-month trial period during which
12 the Commission gets all of the gaming revenue?

13 MR. SHTATNOV: That's just one
14 option that we can do. If there's a brand-new
15 device that's ever been used in a different
16 jurisdictions and we're not sure if it's fair
17 and it can be used in our casinos, we can
18 potentially have a trial period during which we
19 can test it.

20 But the casinos won't be getting any
21 of the revenue from that device until we
22 finally permit it for use.

23 COMMISSIONER MCHUGH: Oh, I see. So
24 that is something that's optional for us.

1 MR. GLENNON: In some jurisdictions
2 a new device, a totally new device that hasn't
3 been certified or tested is put out in the
4 field to prototype, to test and to use the
5 results to measure. For those devices that
6 aren't certified, no revenue is to go to the
7 operator who has the device in their facility.
8 The revenue would be directed to us if there
9 was any. My guess is they would allow free
10 play. So, it kind of puts a new machine in a
11 position where it most likely would be used for
12 free play with no rewards. You know what I
13 mean?

14 COMMISSIONER MCHUGH: Yes. Would
15 that be an alternative to the permitting
16 process where you go through a testing lab and
17 then get certified by them and then come to us
18 for new machine?

19 MR. GLENNON: I think the
20 distinction here is a totally machine. We are
21 not anticipating that Massachusetts is going to
22 be the first jurisdiction for many platforms.
23 In most cases these will have been tested and
24 certified in other jurisdictions. And those

1 results will be used to do a gap between the
2 GLI standards and what nuances we have in our
3 own standards.

4 I think the difference here is a
5 totally new machine. And a jurisdiction is
6 going to take a considerably longer cycle to
7 test. For a machine that's in operation in
8 other jurisdictions and has already been
9 certified in other jurisdictions to the GLI
10 standard, we expect that cycle to be about 40
11 days.

12 Thirty days for the lab to provide
13 the certification for the jurisdiction of
14 Massachusetts and then 10 days for us to review
15 that and issue the permit. So, the difference
16 is a totally new machine. And I think this
17 language here is around a new platform that has
18 not been fully vetted and tested.

19 COMMISSIONER MCHUGH: Maybe it's the
20 definition of totally new machine, because I
21 raise that question because you read the gaming
22 magazines. And every month two or three
23 companies have introduced a new game. Maybe
24 that is a new device -- I mean a new set of

1 software on an old platform, maybe it's not
2 limited to that. It just seemed to me that it
3 was a frequent occurrence that that happened.

4 MR. GLENNON: I don't want to delve
5 into the technology because again I'm somewhat
6 of a near flight, but I think that there are
7 multiple levels. These new games may operate
8 on platforms for which many of the components
9 have been certified, and it's only the software
10 and the gaming. The algorithm doesn't change.
11 The outcome doesn't change. It's a new
12 presentation.

13 I think as manufacturers think of
14 new games, they enter into conversations very
15 early on in the cycle before they even get to
16 deploying them with regulators about whether
17 these machines -- is there going to be a
18 problem with these machines complying with
19 regression, in the various jurisdictions.

20 I know from talking to my
21 counterpart in Nevada, that's a lot of what
22 they do now is to talk with manufacturers about
23 new concepts and about changes that may impact
24 their regulations.

1 So, there's a lot of conversation
2 before a machine even gets to the point where
3 it's going to be presented to an independent
4 laboratory to be tested.

5 COMMISSIONER ZUNIGA: Because of all
6 of that is it fair to say that this is highly
7 unlikely to happen here in Massachusetts?

8 MR. GLENNON: I think for
9 Massachusetts, given the size of our market
10 probably we will not be the first market for a
11 lot of machines. That's correct, yes.

12 COMMISSIONER MCHUGH: Okay, thank
13 you. Really interesting.

14 MR. SHTATNOV: So, one more question
15 is how we implement the reciprocity with other
16 states and jurisdictions when we are testing
17 the machines.

18 CHAIRMAN CROSBY: What page are you
19 on?

20 MR. SHTATNOV: Page 11. To a
21 certain extent, we don't necessarily want to
22 retest existing devices that have been in use
23 already and have been shown to be fair. But we
24 also don't want to entirely rely on the testing

1 of other jurisdictions unless we believe that
2 that testing was correctly performed.

3 On page 11 there's one option
4 proposed for doing the reciprocity where we
5 rely on data that was only independently
6 collected, and if we believe that the methods
7 are reliable. Initially, the independent
8 testing lab will present to us any data that it
9 relies on. And we will have the final
10 determination of whether or not to issue a
11 permit based on that data or whether not we
12 want to continue testing.

13 COMMISSIONER STEBBINS: When you
14 reference other jurisdictions, are they other
15 domestic jurisdictions?

16 MR. SHATNOV: We can make that
17 determination either right now and put it into
18 the regulations or on a case-by-case basis for
19 each device that we are testing.

20 COMMISSIONER MCHUGH: People will
21 comment on that too, I suppose.

22 MR. SHATNOV: On page 12 is the
23 schedule fee that we are proposing. So,
24 initially when the gaming vendor is sending the

1 device for testing to the independent testing
2 lab, they will pay all of the independent
3 testing lab's fees directly to the lab itself
4 and we will not act as a middleman for the
5 transaction.

6 When the device is submitted for
7 permitting to the Commission, we will
8 potentially initially collect a fee and then
9 charge all of the costs we incur for testing to
10 the gaming device vendor.

11 COMMISSIONER MCHUGH: That's just
12 for the prototype not for each machine.

13 MR. SHTATNOV: That's correct. We
14 are not anticipating charging anything for the
15 registration of each copy of the machine that
16 goes into the gaming establishment.

17 COMMISSIONER MCHUGH: Right. What
18 about the six-year sunset? There's no
19 provision for renewal or is there?

20 MR. GLENNON: I don't think we made
21 a provision for renewal.

22 COMMISSIONER MCHUGH: This would
23 mean that if you get a permit for a device that
24 device can be in use for six years and that's

1 it.

2 MR. GLENNON: At which time they
3 would have to resubmit an application to have
4 it permitted again.

5 COMMISSIONER MCHUGH: Go back and
6 start the permitting process all over again?
7 That's something we might want to think about
8 as to whether we have a renewal provision of
9 the machines.

10 MR. GLENNON: That's reasonable,
11 especially if nothing has changed.

12 COMMISSIONER MCHUGH: Right.

13 COMMISSIONER ZUNIGA: I'm curious
14 where the 500 fee came from. Is that just
15 standards out there?

16 MR. GLENNON: Yes. It really is
17 it's kind of an average. There are some states
18 that have labs that do all of the testing
19 themselves. So, it varies based on the
20 complexity of the configuration that's being
21 submitted.

22 Because anything that changes, any
23 component within a particular machine that
24 changes needs to be tested. They can't change

1 a part or anything. So, we look at every
2 device or system as a whole.

3 MR. SHTATNOV: The \$500 fee isn't
4 really expected to cover the cost for every
5 testing because the type of testing we do
6 really depends on what type of gaming device is
7 submitted. It could be an entirely new slot
8 machine that's submitted or it could be just a
9 small variation to the color scheme. And the
10 color scheme variation doesn't need an
11 extensive amount of testing.

12 COMMISSIONER ZUNIGA: So, it's
13 really a baseline. All of the extra costs get
14 billed back to the manufacturer.

15 MR. SHTATNOV: Yes. The following
16 section, section 140 is on the possession of
17 slot machine and their transportation. That's
18 on page 19. This basically lays out who can
19 possess a slot machine in Massachusetts. For
20 example, our gaming establishment, gaming
21 vendors, employees of the Commission, common
22 carrier for transportation or a trade school
23 that we approve to possess those machines.

24 Transportation of slot machines is

1 the final section is required to comply with
2 federal statute that prohibits interstate
3 transportation of a slot machine unless the
4 state expressly allows that transportation.

5 CHAIRMAN CROSBY: So, the process,
6 this will be back to us when?

7 MR. GLENNON: I think in a couple of
8 weeks. We will look for any comments after you
9 have a chance to read through it. And we've
10 only seen this draft in the next couple of
11 days, we'll incorporate those comments. And
12 any changes to the document, I think we can
13 bring it back for either further detailed
14 discussion on some of the policy points or just
15 bring it back to you in that form. And then
16 open it up for public comment and bring it back
17 once we've received some of those comments,
18 because I fully expect that the labs, the
19 manufacturers and the operators will all have
20 something to say about we're promulgating this.

21 CHAIRMAN CROSBY: I'm not sure I
22 followed that. I don't know that I see a need
23 for an interim step. The next time we talk
24 ought to be when you've got the feedback from

1 the outside world as well.

2 MR. GLENNON: I was just
3 anticipating that if you had feedback, I didn't
4 want not make any changes that were relative to
5 your suggestions, but that's fine.

6 I think, Mr. Chairman, based on if
7 the group agrees then the next time we come
8 before you will be after having received
9 feedback and input on the document as it stands
10 right now. Is that okay?

11 CHAIRMAN CROSBY: Yes.

12 COMMISSIONER ZUNIGA: In addition to
13 some of the research that we were identifying
14 that would be great too.

15 MR. GLENNON: Some of the metrics
16 around what are the standards in similar
17 jurisdictions and states.

18 COMMISSIONER CAMERON: That's
19 helpful.

20 MR. GLENNON: Absolutely. Thank
21 you, very much.

22 COMMISSIONER CAMERON: Thank you,
23 good work.

24 CHAIRMAN CROSBY: Good job, Artem.

1 COMMISSIONER MCHUGH: Really good
2 work. Very good work and the business process
3 for certification chart is very helpful.

4 MR. GLENNON: There is in the packet
5 a business flow diagram which I think clearly
6 delineates the roles and the process for the
7 approval. And it makes it easier to read and
8 understand because there was a lot of
9 discussion frankly around how we were going to
10 do this and who was going to play and who was
11 going to pay and who was going to submit and
12 etc. So, I think this is optimal. And I hope
13 we get agreement on that. Thank you.

14 COMMISSIONER MCHUGH: Great job.

15 COMMISSIONER STEBBINS: Thanks
16 Artem, thanks Todd.

17 CHAIRMAN CROSBY: It's noon. Do we
18 want to do Legal? It looks like we are going
19 to be taking a lunch break because we've got
20 some work to do. We can do legal now and take
21 a lunch break after that. It doesn't matter to
22 me. Does anyone have a preference?

23 COMMISSIONER MCHUGH: Legal is going
24 to happen very quickly, I think. We've got

1 just one brilliant thing that needs to be --

2 COMMISSIONER STEBBINS: Is it one
3 you wrote?

4 CHAIRMAN CROSBY: Okay. Let's do
5 item number four. Let's do Legal and then
6 we'll take a lunch break.

7 MS. BLUE: As the Commission may
8 recall, when we were reviewing the arbitrator's
9 handbook, we started a conversation about our
10 regulation 125 c. 6. And in particular the
11 provision that says the arbitrator may make
12 adjustments to the best and final offer only if
13 necessary to ensure consistency with 23K.

14 And we had a little bit of a
15 conversation about what that meant and the
16 practical outcomes that may come from that. As
17 part of the Category 2's, we didn't go through
18 arbitration so that issue never came up as part
19 of that process. But I know that the
20 Commission would like to continue that
21 conversation and discuss it in a little more
22 detail what that section of the regulation
23 means and whether we should make changes to
24 that part of the regulation.

1 So, you have in your books a memo
2 from Commissioner McHugh along with the
3 language from the regulation and also the
4 language from the arbitrator's handbook.

5 CHAIRMAN CROSBY: Commissioner
6 McHugh, do you want to take the lead on this?

7 COMMISSIONER MCHUGH: Sure. I think
8 we talked a little bit about the forces that
9 drive best and final offer arbitration and make
10 it a useful tool. And they are forces that
11 tend to focus people on a middle ground or at
12 least a reasonable ground for fear that they'll
13 be saddled with something that they really
14 don't like.

15 And in most cases that works. And
16 in other context where that process is used, it
17 sort of doesn't make any difference of
18 earthshaking proportion whether it works or
19 doesn't work. I used in the memo the example
20 of salary arbitration and baseball, which this
21 is sometimes known as baseball arbitration.

22 While not shrinking from an embrace
23 of this process as a useful tool for
24 arbitrations in the surrounding community

1 context that were anticipated, it does seem to
2 me that the potential is there for lockups at
3 unreasonable lengths so that the arbitrator is
4 faced with two unreasonable to offers and has
5 to pick between two unreasonable offers.
6 Things can happen.

7 And it seems to me that the
8 importance of the outcome militates in favor of
9 having some kind of a safety valve for the
10 Commission to use in the unlikely event that
11 those kinds of unreasonable offers are put on
12 the table forcing the arbitrator to pick one or
13 the other.

14 It seems to me also that we ought to
15 make it clear and I make it clear that that
16 would be a very rare exception. And if we
17 adopted this safety valve approach that this
18 would not be an opportunity for people to put
19 on some crazy offer before the arbitrator and
20 then when things go wrong come here and expect
21 relief in the ordinary course.

22 But it seems to me that the
23 potential consequences of two unreasonable
24 offers on the people affected by them or the

1 applicant is important enough to allow for the
2 Commission to have some way to fix it in the
3 unlikely event that it happens.

4 We after all are responsible for
5 implementing the statute and for the public
6 policy consequences that implementation of the
7 statute produces. And it seems to me this is a
8 tool to allow us to ensure that that happens.

9 COMMISSIONER CAMERON: When we first
10 had this discussion, I was very much in favor
11 of what we ended up doing which was best and
12 final. And that really did incentivize folks
13 to work and get this done. Because there was
14 real uncertainty with a best and final before
15 an arbitrator.

16 And I think we saw that that worked
17 well in Category 2. But what I didn't consider
18 and this memo focused -- very well done memo,
19 it got me to focus on the fact that there is a
20 possibility that they could be two really
21 unreasonable where parties are not able to come
22 to the middle at all. So, there's a forced
23 decision between two unreasonable. And I
24 hadn't contemplated that.

1 And I think it's a very valid point.
2 And I have rethought this issue and I do think
3 I agree with Commissioner McHugh that this
4 safety valve, which again I love the emphasis
5 that it would not be used unless it was really
6 deemed to be an unreasonable outcome.

7 So, it wouldn't be everyone goes to
8 arbitration and then we end up deciding
9 everything. It's just really in the case of
10 something that is deemed extremely reasonable.

11 So, I rethought how I felt about
12 this and I am in agreement that this mechanism
13 would be of assistance.

14 CHAIRMAN CROSBY: Is it clear that
15 we can do this under the law? Can we amend the
16 arbitrator's decision under the law? Is that
17 clear to you?

18 MS. BLUE: We can set up a process
19 for arbitration. So, if part of our process
20 provides for what you might characterize as an
21 appeal right, we could do that. We would want
22 to make sure that we set up very defined
23 parameters as to what came before the
24 Commission and how it was brought before the

1 Commission, what the Commission would hear,
2 timeframes in which we would decide it.

3 But I think as part of the process,
4 we could put in some sort -- I look at it as
5 something of an appeal right in certain
6 situations. I think we could do that, yes.

7 We did have the conversation as part
8 of the Category 2's about whether the
9 Massachusetts Arbitration Rules applied. And
10 we did determine that they did not. And that
11 we could create our process as we are required
12 to do by statute.

13 CHAIRMAN CROSBY: Under this
14 scenario, what does the guidance to the
15 arbitrator mean? The arbitrator, we gave them
16 the room to make adjustments only if necessary
17 to ensure that the award is consistent with the
18 Gaming Act. What does that mean?

19 COMMISSIONER MCHUGH: I think our
20 discussion and the thrust of the arbitrator's
21 handbook limits that to something that directly
22 contradicts a statutory provision. In other
23 words, if the statute says you must do X, and
24 the award -- and the offer that the arbitrator

1 picks says that the applicant must do Y. And Y
2 is inconsistent with X, then the arbitrator
3 can't incorporate Y in the decision. He has to
4 modify that.

5 But apart from that direct head-to-
6 head conflict, the arbitrator has to accept the
7 award -- has to accept the offer, one offer or
8 the other.

9 CHAIRMAN CROSBY: I haven't looked
10 at the handbook -- I can't remember. -- for a
11 long time. The law calls for promoting jobs.
12 Is it the way it is written clear enough that
13 that's talking about some other kind of
14 clear --

15 COMMISSIONER MCHUGH: The language
16 is attached here. And the governing language
17 on page four, actually the last sentence on
18 page four, the arbitrators may make adjustments
19 to the selected best and final offer only if
20 necessary to ensure that the report, the award
21 really is consistent with the Gaming Act.

22 You could push that out but the
23 thrust of that is it's got to be inconsistent
24 with a specific term of the Act or you can't

1 make any --

2 CHAIRMAN CROSBY: What I'm wondering
3 is whether if we were going to adopt, if we
4 were going to set up ourselves as a failsafe
5 system, would it be better to take this vague
6 clause out and let it be a pure best and final
7 but we have a failsafe. And we could use our
8 failsafe role to make consistency with the Act
9 as well as to avoid extreme unreason.

10 COMMISSIONER MCHUGH: Here's my
11 concern there, I think and I listen to our
12 discussion the last time, I think there is
13 merit to making people come into this with real
14 seriousness. And giving the arbitrator only
15 the power -- basically the power to pick one or
16 the other absent this limitation, because it
17 does drive people toward a middle ground and a
18 likely reasonable outcome.

19 And setting this safety valve
20 process up in any way other than what looks
21 like a real safety valve for fundamentally bad
22 policy incentivizes people to pull back from
23 putting their best effort into the arbitration
24 process itself. And makes it more likely that

1 we will be faced with these things more often.

2 So, I would like to keep it as close
3 to -- This really is if something is -- The
4 safety valve is really to be used only if
5 something has seriously gone off the rails.
6 It's not to adjust things in the way we think
7 is more consistent with the Gaming Act.

8 CHAIRMAN CROSBY: I thought what I
9 was suggesting would have been supportive of
10 that. It would put more pressure. It would
11 give the arbitrator no flexibility so that the
12 bidders knew that they had -- the arbitrator
13 can't save them. They have to do a best and
14 final that they think has a shot.

15 COMMISSIONER ZUNIGA: But if there's
16 a clear conflict with Chapter 23K, it doesn't
17 need to be all left to the safety valve, I
18 think.

19 CHAIRMAN CROSBY: The language here
20 is vague. And consistent with the Gaming Act
21 is a matter of interpretation. To clarify it,
22 we're saying some specific violation, but it's
23 still vague. There's a tremendous amount of
24 flexibility within that if an arbitrator cared

1 to use it. We're talking about an extreme
2 situation here.

3 So, to both put more pressure on the
4 two parties to come to the middle and to make
5 sure that "consistent with the Gaming Act" is
6 interpreted the way we want it to be
7 interpreted. If we reserve that right for
8 ourselves in the safety valve system, I thought
9 we would accomplish both objectives.

10 We would put more pressure on the
11 parties because there is no flexibility on the
12 arbitrator's part --

13 COMMISSIONER ZUNIGA: -- no
14 adjustments.

15 CHAIRMAN CROSBY: -- no adjustments.
16 And we have the absolute right. The last thing
17 that I would add to this would be that it's not
18 an appeal right, it's something that we have
19 the right to do. A Commissioner could say I
20 want to bring to the table a review of the
21 arbitrator's decision. But it would not be
22 something that the party could appeal.

23 COMMISSIONER MCHUGH: Can I back up?

24 CHAIRMAN CROSBY: Yes, go one by

1 one.

2 COMMISSIONER MCHUGH: Do one by one,
3 because I understand your point now and I
4 didn't listen carefully enough. And I think
5 that's a valid point.

6 But what about if instead of taking
7 that out we changed the language of the
8 handbook. The handbook language doesn't even
9 require the regulatory process to ensure to say
10 that the arbitrator may make adjustments in the
11 selected best and final offer only if a
12 provision of the selected offer is directly in
13 conflict with a provision of the Act.

14 So, we take out that fuzzy
15 consistency point and limit the arbitrator's --
16 don't force the arbitrator to impose an award
17 that is in direct conflict with the Act.
18 That's a pretty straightforward standard. And
19 then give us the safety valve superimposed on
20 that. That would be one approach.

21 Insofar as how does it get here, it
22 seems to me we've got to let the loser bring it
23 to us. We can set up a very quick procedure
24 for doing that. But it seems to me that's the

1 better route because the loser is going to
2 identify in a way that we may not be able to
3 why some provision of the award is to use the
4 standard we would adopt fundamentally
5 inconsistent with the Act.

6 CHAIRMAN CROSBY: But you're saying
7 that's going to stick with the arbitrator.

8 COMMISSIONER MCHUGH: No.

9 CHAIRMAN CROSBY: You're redefining
10 it, narrowing it but now I thought our failsafe
11 remains for what's fully unreasonable.

12 COMMISSIONER MCHUGH: I guess I'm
13 confusing things. I would tighten this up in
14 the handbook. And I believe the safety valve
15 in the way I am recommending we adopt it. I'll
16 stop there. And then there's another piece,
17 but I'll stop there.

18 CHAIRMAN CROSBY: I'm not going to
19 debate it. I don't care if we tighten this up
20 or leave it to us, it doesn't matter to me.
21 So, whatever you want to do on that.

22 Who brings it? It does seem to me
23 like if we put an appeal in there, everybody's
24 going to appeal. I don't know why it wouldn't

1 be better for there not be an appeal right, but
2 have us have the right to make our own position
3 in the judgment. Everybody's going to come to
4 appeal and say this is totally unreasonable.

5 COMMISSIONER MCHUGH: My response to
6 that is what I was trying to say a minute ago
7 that they're going to have better insights as
8 to why it's fundamentally inconsistent with the
9 Act than we could just reading the thing from
10 the outside.

11 In most cases, in most cases,
12 hopefully in all, we'd be able to go and take a
13 look with the staff's help at the reasons they
14 think it's fundamentally inconsistent and say
15 no, it's not fundamentally inconsistent. This
16 stays.

17 But they may highlight something
18 that we would not have otherwise thought of and
19 point out to us a fundamental problem in
20 something based on the configuration of a
21 street or a street corner or something. Or
22 this disadvantages a whole group of the
23 population in some center in a way that the
24 statute never realized. And you can fix it by

1 just tweaking it this way. Those are the kinds
2 of things that it seems to me they're in a
3 better position to do.

4 I agree that there's a risk that
5 people may come to us with an appeal if we set
6 up a process for bringing it to us. But I
7 really think we can broom most of those very
8 quickly. And on a cost-benefit basis, I think
9 it's better to have a mechanism for the
10 disaffected party to bring it to us.

11 CHAIRMAN CROSBY: This isn't the way
12 I would structure this, but it's not more
13 important than lunch. So, I'm good.

14 COMMISSIONER MCHUGH: That's good
15 public policy.

16 COMMISSIONER ZUNIGA: Warning to
17 future appellants, don't bring your appeals
18 before lunch.

19 COMMISSIONER MCHUGH: Don't bring
20 your appeals at all. I view this as a minor
21 change to the setup that we have now. And I
22 think that it's pretty clear from the
23 discussion that we've had all along that this
24 is really to prevent something from running

1 seriously off the rails. It's not to
2 superimpose our judgments or good public policy
3 in every case on what the arbitrator does.

4 COMMISSIONER ZUNIGA: I agree with
5 all of that.

6 COMMISSIONER MCHUGH: Should I make
7 a motion?

8 CHAIRMAN CROSBY: Yes.

9 COMMISSIONER MCHUGH: So, I move
10 that the Commission adopt a provision for
11 allowing the Commission to alter an
12 arbitrator's award if in the Commission's
13 judgment that award is fundamentally
14 inconsistent with the provisions or purpose of
15 General Laws Chapter 23K. And further that the
16 arbitrator's handbook be modified by striking
17 the final sentence of the portion of the
18 handbook labeled final decision of the
19 arbitrators. And replacing that final sentence
20 with a sentence that reads the arbitrators may
21 make adjustments to the selected best and final
22 offer only if necessary to remove a direct
23 conflict between a provision of the selected
24 award and a provision of the Gaming Act.

1 CHAIRMAN CROSBY: Would there be
2 anything about how it's raised?

3 COMMISSIONER MCHUGH: No. If we
4 pass this motion, I would ask the legal
5 department to come back with the structure into
6 which to place this standard. How does it get
7 here? How quickly do we decide it and the
8 like.

9 COMMISSIONER CAMERON: Second.

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

12 COMMISSIONER MCHUGH: Aye.

13 COMMISSIONER CAMERON: Aye.

14 COMMISSIONER ZUNIGA: Aye.

15 COMMISSIONER STEBBINS: Aye.

16 CHAIRMAN CROSBY: Opposed? The ayes
17 have it unanimously. Now lunch. So, we will
18 come back here at 1:15.

19

20 (A recess was taken)

21

22 CHAIRMAN CROSBY: We are going to
23 move the agenda around a little bit. We are
24 going to start next with Research and Problem

1 Gambling, item six. And we will go directly to
2 Mark Vander Linden.

3 MR. VANDER LINDEN: Good afternoon.

4 CHAIRMAN CROSBY: Good afternoon.

5 COMMISSIONER CAMERON: Good
6 afternoon.

7 COMMISSIONER MCHUGH: Good
8 afternoon.

9 MR. VANDER LINDEN: I have several
10 items on the agenda today. I wanted to kick it
11 off in talking about National Problem Gambling
12 Awareness month. March is National Problem
13 Gambling Awareness month. So, National Problem
14 Gambling Awareness month is a grassroots public
15 awareness and outreach campaign to educate the
16 general public and health-care professionals
17 about the warning signs of problem gambling,
18 and raise awareness about the help that is
19 available locally as well as nationally.

20 We at the Commission are paying
21 attention I think with laser focus on what's
22 happening with our license gaming
23 establishments and the application process to
24 get to that point. We know well that the

1 prevalence of gambling is woven into our
2 everyday life whether it be football, whether
3 it be lottery, whether it be bingo parlors,
4 whatever it may be. In fact the phrase I bet
5 you is used so commonly, we don't even think
6 about using it. I bet you I've used it today.

7 Gambling occasionally is fun for
8 most, but for six to eight million Americans it
9 is truly a problem. And when I say a problem
10 for these Americans what I mean is that they're
11 in financial ruins. It's devastating. There
12 are mental and physical health issues that
13 accompany it are profound. It ruins
14 relationships.

15 Domestic violence is commonly
16 associated with it. Work issues including
17 productivity, fraudulent and illegal practices,
18 frequent absences are very common. The dark
19 side of that.

20 On the light side, I want to focus
21 on what's happening in Massachusetts and some
22 of the rich resources that we have here.
23 Bottom line is Massachusetts is incredibly
24 fortunate in what we have. It has committed

1 and talented clinicians to provide treatment
2 and support to persons and their families who
3 suffer from this disorder.

4 It has the Massachusetts Council on
5 Compulsive Gambling. They have a brilliant
6 talented staff who work tirelessly to provide
7 prevention helpline training and other
8 resources and more.

9 It's home to some of the world's top
10 researchers, one of whom you are going to hear
11 from today, Dr. LaPlante. And Dr. Howard
12 Shaffer from Division on Addiction at the
13 Cambridge Health Alliance. It has Dr. Rachel
14 Volberg, Dr. Ed Stanek from our SEIGMA research
15 team at the University of Massachusetts
16 Amherst.

17 And it has the Expanded Gaming Act
18 that is taking groundbreaking steps to enshrine
19 research in what we do in its mandate to
20 provide funding for treatment, prevention and
21 education.

22 One of the innovative programs
23 that's being aligned with National Problem
24 Gambling Awareness month is originating right

1 here in the Boston area through the Cambridge
2 Health Alliance and Dr. Debi LaPlante who works
3 for the Division on Addiction at the Cambridge
4 Health Alliance. And I invited her here today
5 to talk a little bit about that initiative.
6 So, I'm going to turn it over to her.

7 DR. LAPLANTE: Thank you, Mark.
8 Thank you, Commissioners for inviting me to
9 this meeting today. Like many other
10 organizations in Massachusetts, the Division on
11 Addiction where I work is preparing for
12 gambling expansion in a variety of ways. The
13 Division is developing a program of research,
14 education and outreach activities that we're
15 organizing under the title charge of the
16 Cambridge Health Alliance Readiness for
17 Gambling Expansion initiative.

18 Some of these activities include
19 developing a seminar to train Cambridge Health
20 Alliance outpatient addiction service providers
21 about gambling, participating in educational
22 events such as the Massachusetts Council on
23 Compulsive Gambling research luncheons and
24 their annual conference.

1 Integrating a gambling theme into
2 our own continuing medical education conference
3 in October called Addiction Medicine; preparing
4 manuscripts about gambling in Massachusetts for
5 publication in peer-reviewed journals;
6 promoting subscription to our free weekly
7 research review that includes access to The
8 Wager a Review of Gambling Related Academic
9 studies; continuing plans to participate in
10 research and related activities in
11 Massachusetts, and creating public health
12 events that will help people who struggle with
13 gambling related problems.

14 As Mark mentioned Marc is National
15 Problem Gambling Awareness month. And during
16 this month the Division and many other
17 interested key stakeholders around the country
18 are promoting awareness and education programs
19 to help people understand and identify gambling
20 related problems.

21 One of the primary events that we
22 are promoting is gambling disorder screening
23 day on March 11, 2014. We decided to promote
24 brief screening because it is an extremely

1 valuable public health tool that simultaneously
2 can make a positive public health impact
3 through identifying people who might be
4 struggling with gambling related problems and
5 can create awareness among providers that might
6 have limited experience with this issue.

7 Gambling disorders are low base rate
8 disorder in the general population but
9 meaningful numbers of treatment seekers of all
10 kinds have this problem. For example, our
11 research suggests that as much as 10 percent of
12 primary care patients report lifetime gambling
13 disorder.

14 Unfortunately, treatment for
15 gambling disorder is limited. This might be
16 due to cases of gambling disorder going
17 undetected. Gambling disorder screening day is
18 an opportunity to change the situation.

19 To promote gambling disorder
20 screening day, we created a gambling disorder
21 screening material toolkit and launched a
22 grassroots campaign to recruit supporters and
23 participating organizations that will complete
24 gambling screening on March 11.

1 Our screening toolkit materials are
2 freely available on our website. And the
3 materials include easy to read, hopefully,
4 descriptions of first what is gambling
5 disorder. And this document defines gambling,
6 the DSM-IV criteria for gambling disorder and
7 common consequences of gambling disorder.

8 Second, we have a document that we
9 called why screen for gambling disorder. And
10 this document provides information about the
11 need for more screening, key stakeholders who
12 might consider adding screening to their
13 practice and details about what to expect from
14 a mental-health screening.

15 Third we include the brief biosocial
16 screen itself. This document provides a brief
17 three item screen as well as a psychometric
18 validation information associated with that
19 screen. And fourth, we prepared a list of
20 local and national resources. This document
21 provides resources available from the Division
22 as well as from agencies in Massachusetts and
23 nationally.

24 We've been extremely pleased with

1 the way that people have received the idea of a
2 gambling disorder screening day. And several
3 organizations across the country and beyond
4 have worked to promote March 11 as gambling
5 disorder screening day.

6 These organizations include the
7 National Center on Problem Gambling, The
8 National Center for Responsible Gaming, The
9 International Gaming Institute, The
10 Massachusetts Council on Compulsive Gambling,
11 The Sycuan Institute on Tribal Gaming, The AP
12 Company's KGA Incorporated and Allone Health,
13 the Association of Problem Gambling Service
14 Administrators and The Institute for Community
15 Health.

16 Likewise, the Division has been
17 working with several treatment provider groups
18 to help them host their own screening events.
19 These groups include St. Francis House, the
20 North Charles Institute, Duffy Health Center,
21 The Healing Lodge of the Seven Nations, The
22 Dunes East Hampton, The VA Boston Healthcare
23 System, Advocates Incorporated and The
24 Behavioral Health Network. In addition, the

1 Mass. Council on Compulsive Gambling will be
2 hosting screening events at Plainville and
3 Suffolk during March.

4 So, we hope that word will continue
5 to get out and more people and groups will join
6 in in screening on March 11. We pick this date
7 to repeat because March is National Problem
8 Gambling Awareness month and brief screening
9 for gambling disorder is an essential part of
10 increasing awareness and helping people who
11 have gambling problems. Thank you.

12 CHAIRMAN CROSBY: Great. The link
13 you talked about where you had something called
14 The Wager. That's a free -- maybe somebody
15 could send that around to us. I would just be
16 interested to have access to that.

17 MS. LAPLANTE: Absolutely. It's a
18 free weekly research review. And we have a
19 subscription service if you want to receive
20 that directly by email. We can do that.

21 CHAIRMAN CROSBY: Great. Is there
22 anything we can do to be supportive?

23 DR. LAPLANTE: I think that being
24 able to announce it here is a great show of

1 support. Promoting it through you've been
2 using Twitter and other social media, putting
3 it up on your calendar, those are great ways to
4 get the word out to try to get as many people
5 interested in screening as possible, not just
6 on March 11 but beyond.

7 CHAIRMAN CROSBY: We can certainly
8 use our media.

9 COMMISSIONER MCHUGH: And I'll
10 mention we'll all be here on March 11 as will
11 you with Keith White. You can mention it again
12 that day.

13 MR. VANDER LINDEN: Yes. That's a
14 great idea for the Internet Gaming forum.

15 COMMISSIONER CAMERON: I had a
16 question. Dr. LaPlante, how do you encourage
17 people -- Unlike a medical screen let's say,
18 how do all of these professionals, I see the
19 groups that can be involved with the screening,
20 how do you encourage people to be screened?

21 DR. LAPLANTE: Actual potential
22 patients?

23 COMMISSIONER CAMERON: Yes.

24 DR. LAPLANTE: I think that there

1 are a lot of different ways you can go at it.
2 For example, the Mass. Council is setting up
3 like a booth almost where they're there to
4 provide information and screening for people
5 who might approach them. They're not
6 necessarily approaching patients.

7 But providers could actually just go
8 at it pretty straight and say National Problem
9 Gambling Awareness month is during March. And
10 we know that a lot of people who are treatment
11 seekers for a variety of different reasons
12 struggle with gambling problems. So, today I
13 want to ask you three questions. Here's what
14 they are. And just go into it fairly
15 straightly and be upfront about what the issue
16 is and why you are doing it.

17 COMMISSIONER CAMERON: Okay, thank
18 you.

19 COMMISSIONER MCHUGH: It sounds like
20 a great plan.

21 MR. VANDER LINDEN: In terms of the
22 question of what can we as a commission do, I
23 think that that's great. We always need to be
24 asking ourselves what can we possibly do to

1 make sure that this issue stays at the
2 forefront of the conversation about gaming. To
3 make sure that we're constantly trying to
4 improve the efforts that we do.

5 I want to recognize the Commission,
6 I want to recognize the statute for putting
7 this at the forefront. It really is unique.
8 And it's such an honor to be a part of the
9 Commission, to be able to have this role within
10 the Commission and seeing how it is woven into
11 the work that we do.

12 COMMISSIONER MCHUGH: Great.

13 COMMISSIONER CAMERON: Thank you
14 both.

15 COMMISSIONER MCHUGH: Thank you both
16 very much.

17 COMMISSIONER ZUNIGA: Thank you.

18 CHAIRMAN CROSBY: Thank you, Debi.

19 MR. VANDER LINDEN: Next I was going
20 to talk about the responsible gaming framework.
21 And I have invited Marlene Warner. She is the
22 Executive Director of the Massachusetts Council
23 on Compulsive Gambling to join me. She has
24 been integral in the creation of this framework

1 along the way.

2 So, the responsible gaming
3 framework, it's something that I've spoken with
4 each of you individually about. The framework
5 is designed to provide structure for
6 responsible gaming practices of the
7 Massachusetts Gaming Commission licensees.
8 It's based on a commitment by the Commission to
9 mitigate to the best of our ability gambling
10 related harm.

11 This is a process. This framework
12 that you have before you began officially
13 kicked off on October 28 of last year when we
14 had the Responsible Gaming forum. At that
15 time, we invited a number of accomplished
16 persons in the field to come and give us their
17 thoughts, their experience, their expertise on
18 a number of different areas that would be
19 considered responsible gaming best practices.

20 Just like I mentioned earlier,
21 fortunately we didn't have to look too far
22 because a lot of those individuals are right
23 here within Massachusetts. Dr. Debi LaPlante
24 was a part of it. Marlene Warner was part of

1 it. Dr. Natasha Dow Schull, Dr. Rachel
2 Volberg, Dr. Howard Shaffer, all of whom are
3 experts that we have here have been incredibly
4 helpful along the way. And I appreciate their
5 assistance in this immensely.

6 We also had Keith White, Executive
7 Director of the National Council on Problem
8 Gambling. Mr. David O. Schwartz (SIC) from the
9 American Gaming Association, Dr. Lia Nower from
10 Rutgers University and their Center for
11 Gambling Studies. So, each of these
12 individuals and you were all there provided
13 some very good information for us to consider
14 as we develop this responsible gaming
15 framework.

16 Following that day, I worked with
17 Dr. Jeff Marotta, Problem Gaming Solutions as
18 well as Marlene Warner and Breann Tulson from
19 the Massachusetts Council on Compulsive
20 Gambling to begin drafting a framework. Our
21 goal was to integrate the information from
22 these experts as well as take a look at what
23 are the best practices from around the world.

24 We took a look at a number of

1 different frameworks that are in existence in
2 other jurisdictions. We took a look at what
3 are the best practices, what is the research
4 telling us in terms of what are the responsible
5 gaming practices that we should considered.

6 Page 16 of the framework outlines
7 the host of various resources that we drew on.
8 I would say it was an incredible process of
9 trying to pick and choose. And at the end it's
10 trying to pick and choose those practices that
11 seem to be the most promising and that at the
12 same time seem to align with what the
13 priorities of the Massachusetts Gaming
14 Commission are, which is a product that you
15 have in front of you.

16 CHAIRMAN CROSBY: And a credit to
17 you for having date and version on this.

18 MR. VANDER LINDEN: Yes, you know
19 what that version is going to be changing I
20 have a feeling. This is created in light and
21 in recognition that regulation alone will not
22 create an environment where responsible gaming
23 is integrated throughout and at every level of
24 the gaming establishment.

1 We recognize that this is a shared
2 commitment. It's a share commitment by our
3 licensees. It's a shared commitment by the
4 Massachusetts Council on Compulsive Gambling,
5 the Massachusetts Department of Public Health,
6 and other key and very important stakeholders.
7 At the top of the my list would be the
8 Massachusetts Council on Compulsive Gambling,
9 our SEIGMA research team, the research teams at
10 the other vested stakeholders that are out
11 there and through Massachusetts.

12 So, our goal is to create a
13 sustainable and socially responsible and
14 accountable approach to gambling in
15 Massachusetts. I want the responsible gaming
16 framework to be that sort of guiding light in
17 this. It's not just through regulation but
18 it's a shared commitment to making sure that
19 this happens.

20 Some of it is through regulation.
21 Some of it is through practices. Some of it is
22 through philosophy. But I think that we can
23 work together, all of these different
24 stakeholders with our licensees right there

1 providing the gaming opportunities to make sure
2 that we do this right.

3 My goal is to get as much feedback
4 from Commissioners. And make sure that we have
5 an opportunity to get it out to our applicants
6 as well as our one licensee at this point. And
7 that's why I've asked for Marlene's help in
8 that as well. As well as the general public to
9 make sure that we get buy-in on this.

10 That's the other piece, right? We
11 can put this framework out there, but in order
12 if we want to do more than just regulation, if
13 we want to get buy-in at every level of this,
14 if we want to see people adhere to it,
15 companies adhere to it, we've got to get buy-in
16 from their level from within.

17 So, Marlene, maybe you want to talk
18 about where we would bring this with the Mass.
19 Partnership?

20 MS. WARNER: Sure. Good afternoon.
21 I think most of you know that we work closely
22 with the Mass. Partnership on Responsible
23 Gambling. And one of the things that we've
24 done is really try to walk them through every

1 step of the way where the thought process was
2 and where some of the drafting of this is, but
3 they haven't really been privy to the
4 information included.

5 They all did attend the October
6 forum. I think the next piece is really kind
7 of get their feedback. Are these realistic
8 tactics that have been put forth? What have we
9 overlooked?

10 I think there's a lot of
11 conversations that have taken place as we've
12 been drafting this document as to what is
13 realistic and what's going to be useful to the
14 players both, who currently may have a problem
15 or may be high risk for a problem, but also
16 folks who walk in the door without having any
17 prior issues and what's going to keep them
18 safe. What is going to keep this fun and
19 entertaining and not have them cross over the
20 line. It's good to get the feedback from those
21 individuals. And we'll be doing that in a very
22 short time period in my sense.

23 MR. VANDER LINDEN: Also any
24 feedback I guess I'd turn it over to you for

1 questions, comments, discussion.

2 COMMISSIONER CAMERON: So, the next
3 step? Obviously, you want to hear from us, but
4 you will get this out to the applicants and
5 look to see what their feedback is.

6 I know Mark in speaking with you
7 yesterday, I asked you about what's
8 controversial. Where will you receive some
9 pushback? And you talked about one area you
10 thought where there would be some pushback.

11 MR. VANDER LINDEN: Yes, player
12 reward cards and what is considered mandatory
13 and what is considered optional in player
14 reward cards.

15 It was our approach to take what we
16 thought was the best practices in responsible
17 gaming and put them in there. And to the best
18 of our ability, and that's where it gets kind
19 of gray, to the best of our ability to make
20 sure that it aligns with what the climate, the
21 culture, the mission, the philosophy of
22 Massachusetts and the Massachusetts Gaming
23 Commission.

24 And that's where the discussion I

1 think really comes in. Where do we want to
2 land on a number of these different issues to
3 make sure that we're doing the right -- we're
4 doing it thoughtfully, but that it fits with
5 where we are going as a commission, as a state.

6 COMMISSIONER ZUNIGA: Remind us who
7 integrate the Mass. Partnership on Responsible
8 Gambling. I know some of our racing licensees
9 but there's other parties.

10 MS. WARNER: Currently, the Mass.
11 Partnership on Responsible Gambling is made up
12 of all applicants. All of your applicants are
13 part of that group right now. The Mass. State
14 Lottery is part of that. And depending on kind
15 of the meeting, there's some other community-
16 based or statewide organizations who are part
17 of that.

18 But the primary bulk of the group
19 are the applicants. So, again it would be very
20 helpful to get their feedback on this.

21 CHAIRMAN CROSBY: Mark, I haven't
22 had a chance to read this. So, I can't react
23 yet, but I certainly will. Can you just sort
24 of characterize this? Is this is similar to

1 other quality jurisdictions? Or is this really
2 groundbreaking in terms of all that's pulled
3 together? How does this sort of stack up
4 against other jurisdictions' standards?

5 MR. VANDER LINDEN: In the United
6 States, I don't know of another state that has
7 gaming that has put together a responsible
8 gaming framework, and certainly not in advance
9 of the gaming operations opening up.

10 The inspiration that we had that
11 this came from came primarily from other
12 international jurisdictions. The one that
13 sticks out in my mind, the one that I think
14 that both Marlene and I, Dr. Marotta have said
15 this is really good would be from Queensland.

16 CHAIRMAN CROSBY: Queensland?

17 MR. VANDER LINDEN: Yes. We thought
18 that they did a fantastic job of outlining
19 that. We drew a lot of information from that.

20 But then we didn't stop there. We
21 also wanted to take a look at individually what
22 are some of the best practices. So, another
23 very important document to us was Dr. Rob
24 Williams put together -- pulled together a lot

1 of information about problem gambling
2 prevention, responsible gaming best practices
3 into one document. And as you know, Dr. Rob
4 Williams is one of our high-principal
5 investigators. And he did a fantastic job.

6 We also took a look at what the
7 American Gaming Association, trying to figure
8 out what is happening within the United States
9 and where other states fall. It's great to
10 look at international jurisdictions and say
11 this is really inspiring. But that's not
12 what's happening in the United States.

13 We want to try to tie this together.
14 This comes back to making sure that we are
15 listening to kind of like what the climate is
16 here. So, we wanted to take a look at
17 responsible gaming regulation documents that
18 the HEA had pulled together as well. So, it's
19 a whole host of documents but certainly
20 Queensland.

21 MS. WARNER: I also was just going
22 to say, with a fair reliance as well on some of
23 the documents coming out of Ontario, and made
24 some reference to that as well within here.

1 CHAIRMAN CROSBY: You might tell the
2 Commissioners, the other Commissioners besides
3 Commissioner Zuniga and I about Rachel's
4 feedback from when she was in New Zealand or
5 wherever it was.

6 MR. VANDER LINDEN: So, Dr. Rachel
7 Volberg had just recently returned from a
8 conference and an international think tank by
9 invitation only in Australia. Some of the
10 feedback she got is that what's happening here
11 in Massachusetts is truly some of the best news
12 that's come from the United States in a very,
13 very long time. That the efforts that we're
14 putting forth are pretty unprecedented in the
15 United States.

16 It's been my experience as well.
17 That I have not seen anything quite as exciting
18 where you align research, you align services
19 and you align regulation together in such a way
20 that we are doing meaningful work here. That's
21 really what the message was from the think
22 tank. And there was a lot of interest
23 internationally on what's happening in
24 Massachusetts.

1 COMMISSIONER MCHUGH: Great. So, do
2 you want comments today or should we wait until
3 we do it? Should we send them to you by email
4 or drop in for a chat?

5 COMMISSIONER ZUNIGA: All of the
6 above.

7 MR. VANDER LINDEN: So, I would
8 welcome any feedback, any discussion that you
9 would feel today I would welcome any of the
10 above of what you have just mentioned, as well
11 as putting it out for public comment. Focusing
12 and maybe Marlene and I would be glad to join
13 you for the Partnership on Responsible Gaming
14 group.

15 Again, if we really want there to be
16 buy-in on this and it rises above just the
17 level of regulation, then we want to get the
18 buy-in and investment and feedback from as many
19 people as want to provide that.

20 So, I would say if we put it out for
21 a period of public input through our website,
22 through these different avenues and then any
23 feedback that I could gather for Commissioners
24 during that period would be great. We could

1 perhaps bring it back in a month or so.

2 COMMISSIONER ZUNIGA: I look forward
3 to all of that, but I will mention that the
4 process that has led you to this point with the
5 parties that you have involved and how you've
6 gone about doing this is great. It's
7 remarkable and it's very inclusive, very
8 thoughtful. I think there's a lot of great
9 product here. We can talk about some of the
10 nuances at a later time but overall I think
11 it's just outstanding.

12 MR. VANDER LINDEN: Thank you very
13 much.

14 COMMISSIONER MCHUGH: I join that.
15 The idea of an overall framework that guides
16 thinking and regulatory promulgation sets a
17 tone for a culture that ultimately supports the
18 kind of measures that we want. And there's
19 always going to be gaps, but the culture is
20 aligned with the outcome. That's really good.
21 And I think this kind of an approach helps to
22 do that. So, I think it's great too.

23 COMMISSIONER CAMERON: Great work,
24 Mark and Marlene.

1 CHAIRMAN CROSBY: You're going to
2 put this out now. And again, we'll do it with
3 all of our media as well as whatever you all
4 are talking to. So, you'll target a time to
5 come back to us where we'll go through this
6 pretty much point by point.

7 MR. VANDER LINDEN: Yes.

8 CHAIRMAN CROSBY: Individually
9 Commissioners can talk to you in the meantime.

10 MR. VANDER LINDEN: Okay.

11 COMMISSIONER CAMERON: Thank you,
12 excellent.

13 COMMISSIONER MCHUGH: Thank you,
14 very much speed.

15 MR. VANDER LINDEN: Marlene will be
16 joining us at our next meeting as well to kind
17 of continue our emphasis on National Problem
18 Gambling Awareness month.

19 MS. WARNER: I look forward to it.
20 Thank you.

21 MR. VANDER LINDEN: Counselor
22 Grossman, would you like to join me? The next
23 item that deals with problem gambling and
24 responsible gambling is a look at our voluntary

1 self-exclusion regulations.

2 So, we presented this in its first
3 draft to the Commission in January. We put
4 this out to public feedback in January. That
5 closed on February 14. During that feedback
6 period, we received comments and suggestions
7 from a number of different entities.

8 If I could just tell you who that
9 was real quick. From Mohegan Sun or on behalf
10 of Mohegan Sun Kevin Conroy, Gaming
11 Laboratories International Kevin Mullally, MGM
12 Martin Natasia, from Rutgers University Center
13 for Gambling Studies Dr. Lia Nower, from the
14 National Center for Responsible Gaming
15 Christine Riley, from the Massachusetts Council
16 on Compulsive Gambling Kathleen Scallion, from
17 the Cambridge Health Alliance Division on
18 Addiction Dr. Howard Shaffer, from the
19 University of Massachusetts Amherst our SEIGMA
20 team Dr. Rachel Volberg, from the University of
21 Lethbridge also on our SEIGMA team Dr. Rob
22 Williams. All very, very good feedback. Todd
23 and I went over that pretty thoroughly.

24 And it gave us an opportunity to

1 think a lot about how we structure this. I'd
2 also like to say that it was also based on
3 feedback from our Commissioners. So, my
4 thought would be that we would kind of go
5 through what the changes were from what the
6 version was that we presented in January, if
7 that's agreeable to you.

8 COMMISSIONER CAMERON: Yes, that
9 would be great.

10 CHAIRMAN CROSBY: Sure.

11 MR. VANDER LINDEN: Some of the
12 feedback that we got really focused on -- And
13 we got this feedback from you as well. -- is
14 needing to recognize or acknowledge that you're
15 a problem gambler in order to sign up for the
16 list. It's something that's mentioned within
17 the statute.

18 We were trying to align with that
19 but that created some concern about it may
20 alienate some individuals that don't
21 necessarily feel that they are a problem
22 gambler by the definition that we had provided,
23 but at the same time want to be placed on the
24 list.

1 So, within 133.01 we added some
2 language in there about midway through that
3 first paragraph placement of one's name on the
4 voluntary self-exclusion list is intended to
5 offer individuals one means to help address
6 problem gambling behavior or deter an
7 individual with family, religious or other
8 personal concerns from entering a gaming area
9 of a gaming establishment.

10 We also went on and said for the
11 purposes of 205 CMR 133 the term problem
12 gambler shall mean an individual who believes
13 their gambling behavior is currently or may in
14 the future without intervention cause problems
15 in their life or on the lives of their family,
16 friends and/or coworkers.

17 There was also question -- Should I
18 just keep moving through the changes?

19 COMMISSIONER MCHUGH: Sure.

20 MR. VANDER LINDEN: There is also
21 question about so where does the self-exclusion
22 apply. Is it for the entire gaming
23 establishment or is it just simply specifically
24 for the gaming area where gambling is taking

1 place?

2 In consideration of the nature of
3 the gaming establishments that we will have,
4 the number of amenities that will be offered,
5 we thought that it would be best to designate
6 it as a gaming area by which an individual on
7 the self-exclusion list would be prohibited
8 from going and from gambling.

9 So, the next piece down for the
10 purposes of 205 CMR 133, the term gaming area
11 shall mean the portion of the premise of a
12 gaming establishment in which or on which
13 gaming is conducted. Actually, that definition
14 was pulled from the statute.

15 COMMISSIONER MCHUGH: That's
16 consistent is it with standard or best
17 practices? You can get close but you can't get
18 there.

19 MR. VANDER LINDEN: Correct.
20 Without looking at it, I know that it varies
21 from jurisdiction to jurisdiction. That there
22 are states where they limit it to the gaming
23 area, some say the entire gaming establishment.

24 COMMISSIONER MCHUGH: But you're

1 satisfied that this is not too tempting?

2 MR. VANDER LINDEN: I recognize that
3 for some individuals that it will be tempting.
4 I recognize that in terms of removing as many
5 barriers as we can or deterrents, reasons why
6 people would not want to sign up for the self-
7 exclusion list that that seemed to outweigh
8 that boundary.

9 The perfect examples would be that a
10 number of our gaming establishments will offer
11 concerts, social events, restaurants, a number
12 of different opportunities that if we said it's
13 the entire gaming establishment they would be
14 prohibited from going there. Would that create
15 a barrier for some people to say I'm not
16 willing to agree to that, I think so.

17 COMMISSIONER MCHUGH: Right, right.
18 Okay.

19 COMMISSIONER ZUNIGA: On that note
20 what about racing? Now we have a licensee that
21 will have both gaming and racing.

22 MR. VANDER LINDEN: So, it would
23 apply to the gaming area of racing of a
24 racetrack as well.

1 COMMISSIONER ZUNIGA: Of a racetrack
2 as well.

3 MR. VANDER LINDEN: Yes.

4 CHAIRMAN CROSBY: What is the gaming
5 area of a racetrack?

6 MR. VANDER LINDEN: I would assume
7 it's the area in which you can place -- as it
8 would fit within the definition the area in
9 which a wager can be placed.

10 CHAIRMAN CROSBY: Where is that?

11 COMMISSIONER ZUNIGA: At the
12 beginning, gaming area is defined in the first
13 in 133.01.

14 CHAIRMAN CROSBY: Which page are you
15 on?

16 COMMISSIONER ZUNIGA: The first
17 page, it says scope and purpose at the end.

18 MR. VANDER LINDEN: So, any area at
19 a racetrack in which that would apply would be
20 the area that we would consider would be off-
21 limits.

22 COMMISSIONER CAMERON: Director
23 Durenberger may have a point to make here.

24 DR. DURENBERGER: Thank you. I

1 just want to point out that we had looked
2 initially at -- this was one of the issues that
3 we had thought about last fall what was gaming
4 and what was racing establishment.

5 I can tell you that in one
6 jurisdiction where I worked, the pari-mutuel
7 area was actually separated from the gaming
8 area by a glass enclosure. Part of that was
9 because of the different age requirements to be
10 in the pari-mutuel versus the gaming
11 establishment.

12 But we had on the racing commission
13 side excluded certain patrons. And I don't
14 know if it was by house rule or by regulation,
15 but those patrons could go into the gaming area
16 in one of the jurisdictions I worked at and in
17 one they couldn't. That wasn't self-exclusion,
18 but it is an example of the difficulties of
19 trying to manage both within the same premise.

20 So, we're happy to be consistent
21 with whatever is -- whichever way the
22 Commission moves forward, we intend to be
23 consistent with it and work with Director
24 Vander Linden on making sure there is no

1 conflict.

2 COMMISSIONER MCHUGH: If we just
3 leave it as gaming that's not going to keep
4 people away from the pari-mutuel, right?

5 MR. VANDER LINDEN: That's a good
6 question.

7 COMMISSIONER MCHUGH: Isn't gaming
8 defined as something different for the pari-
9 mutuel?

10 MR. GROSSMAN: We'd have to look.

11 CHAIRMAN CROSBY: Jennifer was just
12 using the words separately, right?

13 COMMISSIONER MCHUGH: I'm talking
14 about our statute. Our statute has a
15 definition.

16 CHAIRMAN CROSBY: Which in her use
17 of the language was reinforcing that.

18 COMMISSIONER MCHUGH: Right.

19 MR. GROSSMAN: Ultimately, I think
20 it's up to the Commission to consider whether
21 it wants to include the racing element or not.
22 And that brings us kind of back to the
23 beginning of the conversation, which is whether
24 these regulations in your judgment should

1 incorporate the entire gaming establishment or
2 just the gaming area.

3 The statute Chapter 23K section 45
4 which governs this topic generally provides
5 that the Commission shall establish a list of
6 self-excluded persons from gaming
7 establishments. What we have determined and
8 based upon our expert input and judgment that
9 this list should really only apply to the
10 gaming areas of the gaming establishment.

11 And what I would submit is that that
12 is not inconsistent with what the statute says.
13 But ultimately I think it's up to the
14 Commission to determine what portion of the
15 gaming establishment which in the case of our
16 present licensee would likely include the track
17 and all of the pari-mutuel areas, whether we
18 want to de facto include the entire gaming
19 establishment within the scope of these
20 regulations or just the gaming areas.

21 COMMISSIONER MCHUGH: Well, it
22 doesn't have to be either/or, does it?
23 Couldn't you say the portion of the premises of
24 the gaming establishment on which gaming or

1 pari-mutuel wagering is conducted? And the
2 person can go watch the horses if she wanted to
3 but not bet. I don't know whether that would
4 work.

5 MR. VANDER LINDEN: So, there would
6 be a designated area within the racing facility
7 where somebody could not cross. There needs to
8 be a boundary on this.

9 If we're going to say it's something
10 more limited than the gaming establishment
11 there needs to be boundaries on this that we
12 can say you're in the gaming area or you're not
13 in the gaming area. So, Director Durenberger,
14 I don't know if you have a comment on that.

15 DR. DURENBERGER: There is some
16 precedent for that. So, I think that language
17 gets you at least in the right direction in
18 terms of the area where pari-mutuel wagering is
19 permitted.

20 For example, one jurisdiction I
21 worked in our receptionist in the racing
22 office, the number one question that she got
23 when the public called was I want to bring my
24 kids out to the race. Where can we go? And

1 there's an answer for that. The answer is the
2 apron, the public facilities, oftentimes
3 racetracks have playgrounds for exactly that
4 reason.

5 So, there are definitely designated
6 areas. There is precedent for that. So, we
7 can certainly take a look at how other
8 jurisdictions handle that.

9 COMMISSIONER MCHUGH: But then there
10 are some racetracks where to get into the
11 public seating area you walk through areas
12 where pari-mutuel wagering is going on.

13 DR. DURENBERGER: So, maybe you get
14 the carpets scheme.

15 COMMISSIONER CAMERON: The different
16 colored carpeting.

17 DR. DURENBERGER: Yes.

18 COMMISSIONER CAMERON: They do that
19 in Pennsylvania.

20 COMMISSIONER MCHUGH: Do they?

21 COMMISSIONER CAMERON: Yes, because
22 they share some facilities but the age is
23 different in gaming and racing. So, they
24 colored the carpet. Minors under 18 are not

1 allowed on the blue carpeting. They are only
2 allowed on the red.

3 COMMISSIONER MCHUGH: So, there is a
4 solution.

5 DR. DURENBERGER: Yes. Certainly,
6 we're not the first jurisdiction to face this
7 issue. There are others that have come before
8 us. And there is an answer out there and we
9 can look at the different approaches.

10 CHAIRMAN CROSBY: I only raise it
11 just because I think it still needs to be
12 thought through and articulated. I'm sure it
13 can be done.

14 COMMISSIONER MCHUGH: But we need to
15 make a decision as to whether we want an
16 exclusion to keep people out of the pari-mutuel
17 as well as the gaming areas, right?

18 MR. VANDER LINDEN: Correct.

19 COMMISSIONER MCHUGH: That's a
20 policy decision the Commission has to make.

21 MR. VANDER LINDEN: Yes.

22 COMMISSIONER CAMERON: I would love
23 to see the research on who does what and what
24 the best practices are in racing. That would

1 be helpful to inform the decision.

2 COMMISSIONER MCHUGH: Right.

3 COMMISSIONER STEBBINS: One of the
4 questions we early on kept running into is
5 creating the self-exclusion process and where
6 you actually physically go to sign up. As I'm
7 looking at the responsibility of the gaming
8 licensees, is there any requirement we want to
9 place on them that the self-exclusion signup
10 sheet be somewhere other than in the middle of
11 the gaming floor for instance?

12 MR. VANDER LINDEN: That actually is
13 addressed in 133.02, designated agents, which
14 is number three -- two, I'm sorry. Number two,
15 an individual may request to have their name
16 placed on the voluntary self-exclusion list by
17 completing an application and procedures
18 outlined in 205 CMR 133.02.

19 MR. GROSSMAN: I think ultimately we
20 leave it to the Commission to establish the
21 designated locations for the availability of
22 the applications and ultimately where the
23 designated agents will be located as well,
24 which would include the gaming establishments

1 but also other areas on and off the gaming
2 establishment premises.

3 MR. VANDER LINDEN: That was some
4 feedback that we got as well. Some of the
5 external feedback that there was some confusion
6 and some concern that you could only go to one
7 place. That you could only go to the gaming
8 establishment in order to sign up for the self-
9 exclusion.

10 So, we've allowed for designated
11 agents off of the gaming facility not
12 necessarily associated with the gaming
13 establishment to be designated agents to
14 complete the application process.

15 COMMISSIONER STEBBINS: From the
16 site visits that we did, I found that some of
17 the direction to either where commission
18 employees will be for the purpose of having
19 them self do self-exclusion was really poorly
20 marked. I don't know if that's something we
21 need to bury ourselves in the weeds on.

22 If you were trying to find the
23 location of the gaming commission offices, you
24 almost had to go up and ask somebody on the

1 gaming floor as to where you had to go. I just
2 don't know if we want to be that directed in
3 what we're asking the licensee to do. But
4 these are some of the nuances. Again, it's a
5 really fine detail but that was something I
6 saw.

7 MR. VANDER LINDEN: It comes back to
8 what are the barriers that are stopping
9 somebody who may want to sign up for the self-
10 exclusion list to getting on that self-
11 exclusion list and that point of access and how
12 easy it is to reach that point of access is a
13 really important question.

14 We have a requirement that there is
15 the on-site counseling center which through the
16 responsible gaming framework we indicate should
17 be more centrally located. And that that would
18 be a great opportunity, location for self-
19 exclusion process to happen.

20 COMMISSIONER STEBBINS: Okay.

21 MR. VANDER LINDEN: But any question
22 that deals with removing barriers I think is
23 great.

24 CHAIRMAN CROSBY: Would this be a

1 section in which you would want to address
2 reciprocity with other jurisdictions?

3 MR. VANDER LINDEN: We have a
4 statement of reciprocity. My version is
5 slightly different than yours because I have
6 markups, but it's number eight.

7 MR. GROSSMAN: Page two.

8 MR. VANDER LINDEN: This was also
9 something that was added after our January
10 meeting when it came up of how do we allow for
11 reciprocity.

12 CHAIRMAN CROSBY: That's something I
13 think you might want to think about expanding.
14 I haven't really focused on it.

15 MR. VANDER LINDEN: One of the
16 challenges is that there aren't other
17 jurisdictions where their regulations allow for
18 it. So, really I think that as we develop
19 this, we wanted to create a placeholder to
20 allow for that once those partnerships kind of
21 open up for us to do.

22 So, it's keeping in line with what
23 is required in the statute and I think it's
24 keeping in line with a very good practice in

1 this area.

2 CHAIRMAN CROSBY: Have you talked
3 about or thought about the mechanical database?
4 Who's going to hold this database? What kind
5 of a database will it be? By whom is it
6 accessible and so forth?

7 MR. VANDER LINDEN: Right. It would
8 be managed by us, by the Massachusetts Gaming
9 Commission. We have the vendor that's working
10 with Licensing, there should be capacity within
11 that database to hold this piece of it. But we
12 would be the central organizing body of the
13 self-exclusion list and make sure that we
14 receive those.

15 We would verify the completeness of
16 the applications. We would update it and send
17 it back out to authorized agents at the license
18 gaming establishments on a regular basis.

19 CHAIRMAN CROSBY: Is it available to
20 the public and the press?

21 MR. VANDER LINDEN: No. There is a
22 statement in here that it is not opened to that
23 that type of a public records. There is
24 allowance for it to be released de-identified

1 information for research purposes.

2 COMMISSIONER ZUNIGA: That would be
3 a tremendous barrier to getting into the list
4 if it was going to be posted somewhere.

5 COMMISSIONER STEBBINS: I do like
6 the fact that you came up with different levels
7 of duration. And there are certainly sanctions
8 we can take against the licensee should
9 somebody -- should they violate one of their
10 requirements. Is there any thought or any
11 practice with respect to penalizing the
12 individual for trying to essentially break
13 their agreement?

14 MR. VANDER LINDEN: If a person
15 violates their self-exclusion agreement and
16 they're caught on the gaming floor they would
17 lose any of the winnings, anything they would
18 have won at that time.

19 COMMISSIONER STEBBINS: Right. But
20 do we impose any other type? They don't get to
21 collect their winnings.

22 COMMISSIONER ZUNIGA: Or recover
23 losses.

24 COMMISSIONER STEBBINS: Or recover

1 losses.

2 MR. VANDER LINDEN: Or recover

3 losses.

4 COMMISSIONER STEBBINS: Is there any

5 additional penalty that other jurisdictions

6 suggest or recommend or have used?

7 MR. VANDER LINDEN: I've seen where

8 there's the ability to cite them for

9 trespassing onto the gaming establishment,

10 because they have an agreement not to be there.

11 So, technically they're trespassing. We have

12 not integrated that into our regulations.

13 MR. GROSSMAN: To that end, if I

14 may, and this came out of one of the comments

15 we got from the list that Mark read earlier.

16 The person implored us to just remember the

17 purpose of this list. And it's not a license

18 of any kind.

19 As we said in the introduction, it's

20 a tool that the person them self can use to

21 help combat a problem or an issue that they're

22 having. So, we're not trying to really

23 penalize people per se as you would if they had

24 a driver's license or even a gaming license and

1 they did something wrong.

2 We're trying to offer them some
3 assistance to deal with these issues. There
4 are I don't think any penalties of the sort
5 that you're referring to specifically for that
6 reason.

7 COMMISSIONER CAMERON: I agree with
8 that. Making arrests for trespass does not
9 seem like the way to handle this at all. But
10 we would escort them out of the building
11 obviously.

12 CHAIRMAN CROSBY: Anything else?

13 COMMISSIONER MCHUGH: This I take it
14 is on the shared drive at this point, because I
15 have just a bunch of technical little things
16 that I'd like to get to you. We don't need to
17 deal with them now.

18 MR. GROSSMAN: I'd just make one
19 quick other legal point here, I hate to get
20 into all of the legal stuff, but you may recall
21 when this first came before you, we dealt with
22 the issue of acknowledging that you were
23 problem gambler.

24 One of the areas I would direct your

1 attention to is the expansion of that
2 particular element here. And we have said that
3 one of the ways that you can get yourself on
4 the list is to acknowledge you're a problem
5 gambler. There are other ways you can do it
6 too. And that was born of a more expansive
7 reading of what the statute says. And not to
8 apply such a narrow approach to the requirement
9 that you acknowledge that you're a problem
10 gambler.

11 I think what you'll start to see if
12 you take a look at the comments we received and
13 Mark's own comments and some of your own
14 concerns were that it doesn't necessarily make
15 sense to require someone to come in and
16 identify themselves as a problem gambler.
17 There may be other reasons why they want to get
18 on the list.

19 So, we've expanded these regulations
20 to allow for individuals to identify as a
21 problem gambler or just acknowledge that they
22 have some other gambling concerns or they may
23 have some other family or religious or other
24 personal reasons why they want to be on the

1 list.

2 So, these regulations would allow
3 for that. Again, I would submit doing that is
4 not inconsistent with what the statute talks
5 about even though it does specifically
6 reference acknowledging that you are a problem
7 gambler.

8 COMMISSIONER MCHUGH: The statute
9 says -- Yes, that's what we talked about the
10 last time. The statute says to be on the
11 exclusion list, you have to acknowledge that
12 you are a problem gambler.

13 MR. GROSSMAN: Specifically, it says
14 a person may request such person's name to be
15 placed on this list of excluded persons by
16 filing a statement with the Commission
17 acknowledging that the person is a problem
18 gambler and by agreeing to a number of other
19 things.

20 So, as you consider what I just
21 said, the reading I think you would have to
22 apply to it, which is again a broader reading
23 than perhaps what you may think this says on
24 its face is to focus on the fact that it says a

1 person may place their name by acknowledging
2 that they're a problem gambler. The reading I
3 would apply to it would be to suggest that
4 there are other ways you can do it too.

5 So, I thought it was important and
6 we agreed that we couldn't disregard that in
7 its entirety and not require that someone
8 acknowledge something, that there's some reason
9 why they're adding their name to the list. One
10 of the ways they could do it is by
11 acknowledging they're a problem gambler. But
12 they could also do it by acknowledging
13 something else.

14 And that's why we kept that section
15 in the regulations and didn't remove it
16 altogether because of its placement in the
17 statute.

18 CHAIRMAN CROSBY: And this is where
19 in the process now? These are out for
20 public --

21 MR. VANDER LINDEN: We've received
22 the public comment. The public comment as it
23 was appropriate has been integrated into the
24 regulations.

1 MR. DAY: Mr. Chairman, these have
2 been out for informal public comment. At this
3 point, we are here for a vote from the
4 Commission to approve this to start the formal
5 process.

6 CHAIRMAN CROSBY: Any further
7 discussion before we have a vote? Does
8 somebody want to frame it?

9 COMMISSIONER CAMERON: Yes. I move
10 that we accept this draft of the voluntary
11 self-exclusion list with whatever technical
12 changes may be requested --

13 CHAIRMAN CROSBY: -- by Commissioner
14 McHugh.

15 COMMISSIONER CAMERON: I wasn't
16 going to be that specific.

17 CHAIRMAN CROSBY: Period, right.

18 COMMISSIONER CAMERON: Period, yes.

19 CHAIRMAN CROSBY: Second?

20 COMMISSIONER ZUNIGA: Second.

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

23 COMMISSIONER MCHUGH: Aye.

24 COMMISSIONER CAMERON: Aye.

1 COMMISSIONER ZUNIGA: Aye.

2 COMMISSIONER STEBBINS: Aye.

3 CHAIRMAN CROSBY: Opposed? The ayes
4 have it unanimously.

5 COMMISSIONER CAMERON: Good work.
6 Thanks.

7 COMMISSIONER MCHUGH: Thank you.

8 MR. VANDER LINDEN: The final agenda
9 item that I have today is an update on the
10 research activities. I want to provide some
11 context leading up to a description of where we
12 are at. So, if I could provide a brief
13 statement about that.

14 So, section 71 of the Gaming Act
15 requires the Massachusetts Gaming Commission to
16 establish an annual research agenda with three
17 distinct and essential elements.

18 First, to understand what are the
19 social and economic effects of expanded
20 gambling. Second, implementing a baseline
21 study of problem gambling and the existing
22 prevention and treatment programs that address
23 the harmful consequence of gambling. Finally,
24 obtaining scientific information relative to

1 the neuroscience, psychology, sociology,
2 epidemiology and etiology of gambling.

3 One year ago, I would like to
4 recognize that this is a milestone of our one-
5 year effort in this area. So, in March 2013
6 the Massachusetts Gaming Commission announced
7 that the UMass Amherst team had been selected
8 to carry out the first step of the research
9 agenda. The project titled the Social and
10 Economic Impacts of Gambling in Massachusetts
11 or SEIGMA for short, was awarded the contract.

12 The SEIGMA team is comprised of
13 several experts in research and the gambling
14 studies field. They include Dr. Rachel Volberg
15 who is one of our principal investigators. Dr.
16 Edward Stanek, a co-principal investigator also
17 from UMass Amherst. Dr. Robert Williams from
18 the University of Lethbridge and research
19 coordinator for the Alberta Gambling Research
20 Institute. Daniel Hodge, he's our economic
21 impact lead. And he is the Director of
22 Economic and Public Policy Research at the
23 Donahue Institute.

24 Also, I think worth recognizing as a

1 significant member of the team is Amanda Houpt
2 who just joined their team I believe three or
3 four months ago and has been an incredible
4 contribution to their team and doing great
5 work.

6 The research findings will be
7 essential in developing a strategy to minimize
8 gambling related harm and bring the greatest
9 possible benefit to the people of the
10 Commonwealth. The findings will include the
11 following: inform how monies from the Public
12 Health Trust fund section 58 will be expended;
13 assist in assessing community level impacts and
14 inform decisions about expenditures from the
15 Community Mitigation fund. It's been discussed
16 numerous times within the Commission meetings.

17 Improving problem gambling
18 prevention, advancing the quality and
19 effectiveness and efficiency of treatment of
20 gambling disorders; informing the ongoing
21 Massachusetts Gaming Commission research
22 agenda; providing both qualitative and
23 quantitative assessments of a broad range of
24 impacts of expanded gambling; and finally,

1 providing all of the stakeholders in
2 Massachusetts with a neutral database for
3 strategic analysis and decision making.

4 So, I'm going to go through each of
5 the components of the SEIGMA project and then
6 give you an update on the activities to date.
7 So, the first research component, SEIGMA will
8 establish a baseline level of social and
9 economic variables and their interrelationships
10 before casinos become operative in
11 Massachusetts.

12 There are 34 different social
13 measures, 20 different economic measures with
14 some of the traffic and crime indices still to
15 be determined. Our activities to date in this
16 area, the SEIGMA has created a detailed matrix
17 of measures to be collected, tracked and
18 monitored over time. They established
19 coordinated data collection methods, which
20 include the development of a shared database.
21 So, data and documentation from both the social
22 team and the economic team at the Donahue
23 Institute can be fed into the one central data
24 management center.

1 The social and economic teams have
2 begun collecting secondary data across measures
3 in the data matrix and organizing that data for
4 integration into the data management system.

5 The second research component,
6 SEIGMA will establish current prevalence of
7 gambling in Massachusetts. This is a big one.
8 What we will find are demographic game type
9 geospatial pattern of gambling in
10 Massachusetts. What is the current prevalence
11 of problem gambling in Massachusetts? The
12 demographic game type and geospatial pattern of
13 problem gambling in Massachusetts; social,
14 health and economic consequences of problem
15 gambling. The number of persons with gambling
16 disorders that desire treatment and the number
17 who actually seek treatment. Where problem
18 gamblers, persons with gambling disorders go to
19 receive treatment in Massachusetts and barriers
20 to seeking treatment.

21 Activities to date, we have the
22 baseline population survey which is a sample
23 size of 10,000. It's being conducted by NORC.
24 The questionnaire has been finalized and it's

1 aligned with both the American Community Survey
2 as well as the Massachusetts BRFSS, brief risk
3 surveillance system.

4 So, the purpose of aligning with
5 those two is making sure that the questions
6 that we have within our survey align with the
7 questions in there, because we get a broader
8 more power to do interpretation of the data.

9 The questionnaire has been
10 translated and programmed for the web, for the
11 self-administered questionnaire, for the
12 computer administered telephone interview.
13 It's gone through both the UMass as well as the
14 NORC IRB, Institutional Review Board, approval
15 process and approval was obtained.

16 This started in September 11, 2013.
17 So far we are 70 percent complete or 7000
18 completes out of the 10,000. It's expected
19 that that data collection process for this
20 sample will be completed sometime in May.

21 COMMISSIONER ZUNIGA: For the full
22 10,000 by May?

23 MR. VANDER LINDEN: For the full
24 10,000. We also have an online panel survey of

1 a sample size of 5000. This is conducted by
2 Ipsos, which is a web survey company. The
3 questionnaire has been programmed. We've
4 received IRB approval. Field work began on
5 October 2013. So far we are 80 percent
6 complete with this survey or 4000 completes.

7 COMMISSIONER MCHUGH: And I take it
8 the two are separate?

9 MR. VANDER LINDEN: The two are
10 separate, yes, with separate functions. The
11 10,000 general population survey tends to do a
12 better job of obtaining information from the
13 general population in Massachusetts.

14 The 5000 online survey tends to do a
15 better job of gathering information -- tends to
16 gather more persons with gambling problems or
17 gambling symptomology, problem gambling
18 symptomology. So, we can gather a different
19 type of data from that specific survey.

20 COMMISSIONER MCHUGH: Somebody who
21 had provided the individual data for the 10,000
22 would not get -- accidentally get an Internet
23 survey as well.

24 MR. VANDER LINDEN: It would be

1 very, very, very unlikely that there would be
2 an overlap between those two surveys.

3 COMMISSIONER MCHUGH: It's
4 fascinating how you structure that.

5 MR. VANDER LINDEN: The third survey
6 that we have is the targeted sample. This is
7 would be a targeted sample of individuals from
8 host and surrounding communities.

9 So, we have identified Plainville.
10 So, that sample and study will be conducted by
11 NORC. The geographic boundaries are obviously
12 established. And we expect the field work for
13 that area to begin shortly.

14 Again, a similar question came up of
15 how do you assure that there isn't overlap.
16 It's a very similar answer that it would be
17 very, very unlikely that there would be any
18 overlap between those two.

19 COMMISSIONER ZUNIGA: And the sample
20 area for the targeted sample is not just in the
21 case of Plainville not just Plainville. It
22 includes certain surrounding communities,
23 correct?

24 MR. VANDER LINDEN: It includes the

1 surrounding communities that we had identified,
2 so Wrentham, Foxboro, Mansfield, Attleboro and
3 North Attleboro.

4 The final research component, SEIGMA
5 will create an inventory and provide a better
6 understanding of problem gambling prevention
7 and treatment services currently in
8 Massachusetts. This includes public awareness
9 of existing problem gambling prevention
10 initiatives and an evaluation of how well
11 problem gambling prevention and treatment
12 services match up to best practices.

13 There is some overlap between this
14 component and the previous component where we
15 are trying to get a sense of who are problem
16 gamblers in Massachusetts? Are they accessing
17 treatment? Are they not accessing treatment?
18 And it comes back to what are the barriers
19 preventing people from accessing treatment,
20 which is one of the things that we're trying to
21 figure out. So, these two pieces work
22 together.

23 Other activities to date for this
24 final research component include there's an MOU

1 that's been established with the Massachusetts
2 Council on Compulsive Gambling, and guidelines
3 for sharing, of using, analyzing the helpline
4 data. UMass IRB has been obtained and they are
5 creating the evaluation plan and protocol for
6 treatment services and assessments.

7 There's another piece to this that
8 wasn't included in the initial research plan
9 submitted by SEIGMA but has kind of boiled up
10 to the surface as being important. That's
11 taking a look at both crime and traffic data
12 coming from our host and surrounding
13 communities, as well as statewide.

14 So, we have added this in and we are
15 at this point meeting with State Police as well
16 as MGC consultants regarding obtaining crime
17 data, not just crime data, but the crime data
18 that really matters and really can be an
19 indicator of what is the impact of expanded
20 gaming in a specific region or a specific area.
21 We're working with Commissioner Cameron on that
22 as well as other consultants.

23 The other piece is understanding
24 traffic. So, we've had meetings with Mass. DOT

1 to scope out the available data sources as well
2 as an analysis plan. So, using what is the
3 secondary data that we can use at this point.
4 What is our plan to measure that over time to
5 really get a true understanding of the impact
6 of expanded gaming on traffic issues.

7 CHAIRMAN CROSBY: I don't think you
8 mentioned the cohort study.

9 MR. VANDER LINDEN: I did not
10 mention the cohort study, but I can. So, right
11 now we are in the process of procuring a cohort
12 study. We put out an RFP to a limited pool to
13 UMass Amherst as well as Division on Addiction
14 back in November. The reason that we limited
15 it to those two applicants because they both
16 have significant efforts underway, significant
17 efficiencies if they were the selected
18 applicant to conduct it. So, we limited it to
19 those two.

20 We received their proposals back in
21 December. There wasn't a clear winner that we
22 would select. So, we redefined the RFP,
23 narrowed it, provided budget guidelines to the
24 two applicants and asked them to resubmit a

1 bid.

2 We have both applications in at this
3 point. And they are out for review with an
4 anticipated award date of on or before April 1.

5 If you think about the ongoing
6 research agenda, I'd like to describe the work
7 that SEIGMA is doing right now as well as this
8 cohort study is kind of the cornerstones of the
9 research agenda. Certainly, there will be
10 ongoing additional research studies, but these
11 will be two ongoing research studies that will
12 both profoundly impact how we move forward and
13 respond to issues that would arise.

14 CHAIRMAN CROSBY: Great.

15 COMMISSIONER MCHUGH: That's great.
16 It's a good foundation.

17 COMMISSIONER CAMERON: Thank you.

18 CHAIRMAN CROSBY: It is. It's
19 phenomenal.

20 MR. VANDER LINDEN: I just want to
21 say how I've appreciated the SEIGMA team. They
22 have been very forward thinking. They've been
23 able to respond to emerging issues, to the
24 changing timelines, to the needs of the

1 Commission, to the needs of the communities and
2 have been nothing but a pleasure to work with.

3 CHAIRMAN CROSBY: Great.

4 COMMISSIONER MCHUGH: Great.

5 COMMISSIONER CAMERON: Thank you.

6 CHAIRMAN CROSBY: Are you all set?

7 MR. VANDER LINDEN: That's it.

8 CHAIRMAN CROSBY: Thanks Mark.

9 That's good stuff.

10 COMMISSIONER ZUNIGA: Thank you.

11 CHAIRMAN CROSBY: I think we're
12 going to do workforce development and diversity
13 next.

14 I kept forgetting one thing I meant
15 to bring up during General Counsel Blue's
16 report. We've talked about having a discussion
17 about processes and standards for all of the
18 FOIAs that are part of our lives now. I just
19 wanted to at some point, I think we ought to
20 have a discussion on how we do that. And I
21 think it's sort of been on your plate to bring
22 that up, but I just wanted to make sure that at
23 some point some time pretty soon we talk about
24 that.

1 MS. BLUE: We have had that
2 discussion at the staff level and have
3 implemented a process. So, we can certainly
4 share it with the Commission and have a
5 conversation about it.

6 CHAIRMAN CROSBY: As everybody
7 knows, this is a big job for us a lot of the
8 time with a lot of resources being required, in
9 some cases particularly by people like General
10 Counsel Blue, an incredible amount of time.
11 And there are some issues there that I want to
12 think about. So, whenever you can put that on
13 the agenda that would be great.

14 We are now on item number seven,
15 workforce development and diversity, Jill
16 Griffin, director.

17 MS. GRIFFIN: Good afternoon,
18 Commissioners.

19 COMMISSIONER MCHUGH: Good
20 afternoon.

21 COMMISSIONER CAMERON: Good
22 afternoon.

23 MS. GRIFFEIN: I'm here to update
24 you on the Clean Energy Fair that took place on

1 February 2. In your books is a copy of the
2 program to give you a flavor of the types of
3 companies that attended the fair.

4 As you know, Chapter 23K of the
5 legislation, under Chapter 23K the casino
6 facilities must meet certain energy and
7 sustainability targets including a LEED gold
8 designation for example. The introduction of
9 these large facilities with considerable
10 energy, water and waste impacts creates an
11 exciting new opportunity for Massachusetts
12 based clean energy companies to deploy their
13 carbon reducing and money-saving technologies.

14 So, on February 2 with the help of
15 the Clean Energy Center, we cohosted this
16 networking expo at Bentley University to help
17 facilitate connections between the clean tech.
18 companies and casino facility developers, the
19 applicants.

20 I want to report that it was 100
21 percent participation from both Category 1 and
22 Category 2 applicants with applicants' facility
23 developers, building and site design teams in
24 attendance to meet with close to 40 clean

1 energy companies from across the state.

2 In fact, our new licensee took this
3 very seriously sending over 10 representatives
4 to the event including their contractor Turner
5 Construction.

6 Participating clean tech. companies
7 included a mix of renewable energy, energy
8 efficiency, waste management, transportation
9 and water innovation ventures presented
10 developers with a variety of technologies and
11 services that could easily improve facility
12 operations and reduce energy and water
13 consumption.

14 The companies as you can see in your
15 program came from Holyoke, Cambridge, Duxbury,
16 Brighton, Hopkinton, Marlboro. They came from
17 all over the state. It had interesting
18 technologies including a solar powered cell
19 phone charger or solar parking structures and
20 just very interesting.

21 The connections made between the
22 companies as I went around and talked with them
23 they found the day to be extremely valuable.
24 And I have just a brief couple of words from

1 Galen Nelson from the Clean Energy Center.

2 He writes -- There's a clean energy
3 big event going on right now, so he couldn't
4 make it today. But he writes by setting high
5 standards for energy and sustainability in
6 gaming facilities, Massachusetts will lead the
7 way in developing gaming facilities that are
8 among the highest performing in the world.
9 While also opening up new markets and economic
10 opportunities for Massachusetts clean energy
11 companies adding to the nearly 80,000 jobs
12 already in the clean tech. industry here in the
13 Commonwealth.

14 So, I'd just like to end by thanking
15 that Clean Tech. Center for their assistance
16 and partnership. This event came off
17 wonderfully by account of both the applicants
18 and the companies.

19 COMMISSIONER MCHUGH: It sounds
20 great.

21 CHAIRMAN CROSBY: It's terrific.
22 I'm really pleased.

23 COMMISSIONER MCHUGH: Who else was
24 there Jill, besides the applicants? These are

1 all of the vendors but who else was in
2 attendance, who else came?

3 MS. GRIFFIN: There were a number of
4 architects and industry folks who came. I have
5 to be honest, the real excitement was focused
6 on the applicants, but there were others who
7 attended as well.

8 COMMISSIONER MCHUGH: Right, right.
9 That's great. Some really interesting things
10 that companies are doing out there.

11 MS. GRIFFIN: Right. And truly it's
12 the cutting edge technologies. Someday we'll
13 see this all over the place but it was really
14 eye-opening to see some of the products that
15 were displayed.

16 COMMISSIONER MCHUGH: That's great.

17 CHAIRMAN CROSBY: Kudos to
18 Commissioner Stebbins for pushing this as well
19 as other balls along.

20 COMMISSIONER MCHUGH: It's great.

21 CHAIRMAN CROSBY: Yes. It's
22 exciting.

23 MS. GRIFFIN: So, I'm also here to
24 talk about the diversity commitments focused on

1 Penn National, our new licensee. I wanted to
2 just take a few minutes and talk both about
3 their history of diversity and also about the
4 commitments they've made and the work they will
5 do as part of the licensing conditions as well
6 moving forward.

7 As part of their RFA-2 application,
8 Penn National has submitted a preliminary
9 diversity plan for Plainridge Park Casino,
10 which outlines their commitment to ensuring
11 diversity in the construction and fit-out of
12 the property, procurement, contracting,
13 operations and community relations.

14 The plan outlines a strategy to
15 include a liaison with the Mass. Supplier
16 Diversity Office, the Greater New England
17 Minority Supplier, liaison with veteran
18 services organizations to seek veteran-business
19 enterprises and veteran workers.

20 They also outline strategies that
21 include selection of third-party in-house
22 construction managers who share their
23 commitment to diversity and inclusion;
24 utilization of diversity consultants with

1 knowledge of the local construction market.

2 In their application, they include
3 information about their memorandum of
4 understanding with the Mass. Community College
5 Career Training Institute on training and
6 staffing needs to meet their goal of hiring.
7 And in their application, they outline a goal
8 of hiring 90 percent locally, which apparently
9 -- I interpret it to mean beyond their host
10 community and including the surrounding
11 communities as well.

12 Their intent they outline in the
13 application was to create new career
14 opportunities for the unemployed and
15 underemployed in Massachusetts.

16 Additionally, they have committed
17 during the design and construction of the
18 facility, they have included goals, hiring
19 goals that mirror the Executive Office of
20 Administration and Finance, administration
21 bulletin 14, which highlights the labor
22 participation goals during the design and
23 construction for laborers. Those goals in
24 bulletin 14 suggest minority hiring at 15.3

1 percent, women at 6.9 percent.

2 So, Penn commits to equal or exceed
3 these goals. And based on some of their past
4 experience, it appears that they are fairly
5 committed in this area.

6 So, conditions of the license
7 require that they have 30 days to submit a
8 marketing plan that focuses on the design and
9 construction of the project. So, they will
10 need to submit additional information about
11 their hiring goals during design and
12 construction. Then they have 90 days to submit
13 a plan that focuses on the operations of the
14 casino.

15 But I wanted to just highlight --

16 CHAIRMAN CROSBY: That includes the
17 minority employment commitments? Is that why
18 you are saying that?

19 MS. GRIFFIN: The requirements under
20 Chapter 23K in section 15 talk about the
21 licensee being required to submit or to
22 identify on their own specific goals related to
23 the total dollar amount of contracts for
24 businesses during the design, construction and

1 the operations of the project.

2 Additionally, under section 15 they
3 will be required to submit an affirmative
4 action program of equal opportunity where the
5 applicant establishes specific goals for the
6 utilization of minorities, women and veterans
7 on construction jobs. So, this is the
8 reference to administrative bulletin 14
9 regarding during the construction.

10 CHAIRMAN CROSBY: So, there aren't
11 any as yet commitments to either providers,
12 supplier or employment targets; is that
13 correct? Some of that got by me.

14 MS. GRIFFIN: So, there are
15 commitments, but not specific goals. So, I
16 would say their application and the attachments
17 to the application outline some very good
18 strategies to reaching some high goals.
19 However, they have not yet submitted some
20 specific targets in certain areas.

21 CHAIRMAN CROSBY: But it's clear
22 that they will?

23 MS. GRIFFIN: It is clear. And it's
24 a condition of the license.

1 CHAIRMAN CROSBY: Okay.

2 COMMISSIONER STEBBINS: Some of
3 their requirements only because the statute
4 didn't set timetables for when they needed to
5 come up with these affirmative marketing plans.
6 When we wrote up the license conditions, we
7 said within 30 days to at least show us how
8 they're going to reach out MBEs, WBEs and VBEs
9 for design and construction.

10 We gave them a little longer window
11 with respect to plans to reach out to those
12 three types of businesses for the operational
13 phase. But we definitely wanted get something
14 in the door pretty quick with respect to those
15 populations for the design and construction.

16 CHAIRMAN CROSBY: Is the commitment
17 only to give us an outreach plan or is the
18 commitment to give us targeted numbers that
19 they will achieve?

20 COMMISSIONER STEBBINS: I think the
21 broad term is an outreach plan or an
22 affirmative marketing plan.

23 MS. GRIFFIN: The affirmative
24 marketing plan is defined in the legislation.

1 And I believe it requires targets.

2 CHAIRMAN CROSBY: It does require
3 targets.

4 COMMISSIONER MCHUGH: Weren't there
5 any goals in the application materials?

6 MS. GRIFFIN: There were goals that
7 targeted during the construction and the hiring
8 of laborers during the construction of the
9 facility.

10 COMMISSIONER MCHUGH: Doesn't the
11 boilerplate in the general language require
12 them to fulfill the commitments they made or
13 the goals they stated in the application?

14 MS. GRIFFIN: That's correct. But I
15 think the legislation talks about setting goals
16 during the operation of the facility as well.

17 COMMISSIONER MCHUGH: Right.

18 MS. GRIFFIN: Setting their own
19 targets.

20 COMMISSIONER MCHUGH: And that isn't
21 in there?

22 MS. GRIFFIN: Not that I could see.

23 COMMISSIONER MCHUGH: In the
24 application materials, I thought it was.

1 CHAIRMAN CROSBY: That's why I'm
2 bringing it up, because as I said, I think this
3 somehow got by me. But I want to make sure
4 that we don't do this in the Category 1's. I
5 think what we are looking for is commitments to
6 say we will have such and such a percentage of
7 our vendors. Not just a warm and fuzzy we're
8 going to have an outreach program. That's not
9 what we're looking for. And I somehow -- It
10 somehow slipped through.

11 MS. GRIFFIN: I think to be honest,
12 I think their plan goes way beyond we're going
13 to have an outreach program. They outline very
14 specific goals or very specific strategies for
15 both outreach to businesses, minority, women
16 and veteran businesses in employment.

17 And they have consistently been
18 recognized in their other jurisdictions by the
19 National Black Chamber of Commerce and the
20 NAACP in Columbus. They were awarded the
21 Corporate Champion of Diversity.

22 COMMISSIONER MCHUGH: Right, they've
23 got a track record.

24 CHAIRMAN CROSBY: I believe that

1 both they and Cordish had impressive track
2 records and impressive policies, but that's
3 still different from something, a stake in the
4 ground that says this is what I'm going to
5 perform and I expect to be held to. That step
6 is a step we need to make sure still happens.

7 MS. GRIFFIN: Right. And I would
8 just add in their other jurisdictions, as you
9 know, they exceeded their hiring goals and
10 their goals regarding use of local and minority
11 and oftentimes veteran and women businesses
12 well exceeded their goals. So, quite
13 impressive actually.

14 CHAIRMAN CROSBY: Right.

15 MS. GRIFFIN: I would add that Penn
16 National has accepted the Commission's
17 invitation to join or to meet with the vendor
18 advisory team on the 24th of this month.
19 Commissioner Stebbins and I will be meeting
20 with both Penn National and their contractor
21 Turner Construction. So, we'll be talking more
22 about these goals.

23 COMMISSIONER STEBBINS: Jill, do you
24 want to mentioned the meeting you organized

1 yesterday as well?

2 MS. GRIFFIN: Yes, we've been busy.
3 Yesterday, we had individuals from the
4 Massachusetts Community College Career Training
5 Institute. We had the career centers from
6 around the Plainville area, the workforce
7 investment boards and the regional employment
8 boards. Additionally, Jennifer James from the
9 Department of Labor and Alison Sweeney who is
10 Director of the Career Centers.

11 And really strategizing about the
12 needs of the new licensee, future outreach.
13 Alice Sweeney, Director of the Career Center
14 was indicating that they have access to LTUs --
15 This is a new term that I learned. -- long-term
16 unemployed individuals. The interest in
17 targeting those individuals were opportunities
18 that the career center was really interesting.

19 We also talked about the
20 construction period and the use of pre-
21 apprenticeship programs to target employment.
22 So, we will be working with the community
23 colleges and the career organizations to put
24 together community briefings and industry

1 workforce awareness briefings in the next 21
2 days. And they'll run over the next two
3 months. The Community College Training
4 Institute will be collaborating to complete a
5 hospitality industry workforce needs assessment
6 with local employers in the next 45 days.

7 And we're going to re-release our
8 updated frequently asked questions about
9 careers in gaming.

10 CHAIRMAN CROSBY: Great.

11 COMMISSIONER STEBBINS: We had David
12 and Todd also join us yesterday to walk through
13 all of these groups with respect to our
14 applications, disqualifiers. So, as they begin
15 to get questions they can direct people to what
16 application they're going to fill out. And if
17 their record is X, they probably shouldn't
18 apply or they can apply but -- They appreciated
19 having the chance to see the information, begin
20 to get a feel for who is going to be eligible.

21 MS. GRIFFIN: Right. So, they
22 actually saw the licensing applications and get
23 an opportunity to ask questions from Director
24 Acosta and heard all about the licensing and

1 regulations and the statute.

2 CHAIRMAN CROSBY: Good, great.

3 Anything else for Director Griffin?

4 COMMISSIONER MCHUGH: No, that's a
5 really good report.

6 COMMISSIONER CAMERON: Thank you,
7 great work.

8 COMMISSIONER MCHUGH: Another good
9 report.

10 CHAIRMAN CROSBY: I have been
11 waiting anxiously for Director Durenberger's
12 report all morning but unfortunately I have a
13 doctor's appointment. So, rather than break
14 out in the middle of you, I am going to pass
15 along --

16 COMMISSIONER CAMERON: I have a
17 commitment as well. I apologize. So, I am
18 going to have to leave as well.

19 CHAIRMAN CROSBY: We are going to
20 leave you with a quorum. And hopefully you'll
21 drop by my office tomorrow and give me an
22 update on what I've missed.

23 (Chairman Crosby and Commissioner
24 Cameron exit meeting room.)

1 DR. DURENBERGER: I may be a while,
2 so I don't know if you want a recess or should
3 we start right in?

4 COMMISSIONER MCHUGH: Yes, let's
5 start right in and see if we can't move through
6 this with customary dispatch.

7 COMMISSIONER STEBBINS: With the
8 three of us, we may do some other things to
9 take over the Commission once we get through
10 the horse racing stuff.

11 COMMISSIONER ZUNIGA: I just need
12 one minute.

13 COMMISSIONER MCHUGH: Then let's
14 take a five-minute break.

15

16 (A recess was taken)

17

18 COMMISSIONER MCHUGH: All right.
19 Director Durenberger we are prepared to proceed
20 with the racing issue.

21 DR. DURENBERGER: Thank you,
22 Commissioner. So, we've got a fairly lengthy
23 agenda. We'll fly through the first two items.
24 And then we'll slow down for the second two

1 items.

2 The first item would be approval of
3 the 2012 unclaimed wagers. In the industry
4 parlance they are outs, outstanding tickets.
5 These are the wagers that were never claimed
6 from 2012. You'll recall that people who
7 placed these wagers had about a calendar year
8 to come forward and make claims. So, this is
9 what remained. This is the aggregate balance.

10 The numbers do from each licensee
11 appear on page two in that memo. In the case
12 of tickets that were generated at the running
13 horse and harness horse licensee, those monies
14 are payable to the purse account at that
15 association. In the case of tickets generated
16 on simulcast wagering at the greyhound licensee
17 facilities, those monies go to the racing
18 stabilization fund.

19 The parties are all in agreement on
20 these numbers. And so I would just ask that
21 the Commission vote to approve that these
22 monies are payable to the Commission by March
23 31, 2014. And the process then is the
24 Commission then turns around and deposits them

1 into the appropriate accounts.

2 COMMISSIONER MCHUGH: Is there a
3 motion to that effect?

4 COMMISSIONER ZUNIGA: Yes, so moved.

5 COMMISSIONER STEBBINS: Second.

6 COMMISSIONER MCHUGH: All in favor?

7 COMMISSIONER ZUNIGA: Aye.

8 COMMISSIONER STEBBINS: Aye.

9 COMMISSIONER MCHUGH: Aye, the ayes
10 have it unanimously.

11 DR. DURENBERGER: Thank you. The
12 second item on the agenda is the approval of
13 so-called special events to be simulcast at
14 Raynham Park in 2014.

15 Our statute requires that folks that
16 are simulcasting one breed of racing have to
17 pay premium to the licensee that hosts that
18 breed's racing on simulcast events. So,
19 ordinarily Raynham Park every time it
20 simulcasts a thoroughbred signal, a running
21 horse signal from another jurisdiction owes
22 Suffolk Downs a premium, a percentage premium.
23 But the statute enables them to simulcast 15
24 so-called special events each year.

1 The special event request letter is
2 in your packet. They've requested this year as
3 in years past the Kentucky Derby, the Preakness
4 Stakes, the Belmont Stakes and 12 of the
5 breeders' cup races which are typically offered
6 over a two-day period late in the year. And
7 it's my recommendation that these special
8 events be approved.

9 COMMISSIONER STEBBINS: I move that
10 the Commission approve the list of 2014 special
11 events to be simulcast at Raynham Park.

12 COMMISSIONER MCHUGH: Second?

13 COMMISSIONER ZUNIGA: Second.

14 COMMISSIONER MCHUGH: Any
15 discussion? Hearing none, all in favor say
16 aye, aye.

17 COMMISSIONER ZUNIGA: Aye.

18 COMMISSIONER STEBBINS: Aye.

19 COMMISSIONER MCHUGH: The ayes have
20 it.

21 DR. DURENBERGER: Thank you.
22 Turning to item three, this a revisitation of a
23 proposed extension to our existing simulcast
24 and pari-mutuel laws. We last saw this issue

1 at the meeting on January 23.

2 At that meeting there was a
3 potential inconsistency which Commissioner
4 McHugh highlighted for us to take a closer look
5 at between requirements for live racing found
6 in Chapter 128C and Chapter 23K. The legal
7 department did look at this issue, came up with
8 some proposed options, proposed solutions to
9 this potential inconsistency. We did
10 incorporate that into the language that's in
11 your packet.

12 But I'd like to just step back for a
13 second and say that my recommendation at this
14 time is that the Commission move forward with
15 the first two sections of this legislation
16 only. So, these are the sections that are in
17 front of you.

18 Section one is the section which
19 would extend the repeal date of the existing
20 chapters by two years. Section two is the
21 provision that would extend the rights of the
22 current greyhound simulcast licensees to
23 continue simulcasting for a period of two
24 years.

1 And section three is the piece that
2 addressed the number of live racing dates
3 required in order to conduct simulcasting.
4 That's found in Chapter 128C section 2. And we
5 don't have consensus on that issue at this
6 time.

7 So, my recommendation is to move
8 forward with the first two. I would say that
9 just as the Legislature can be of mixed mind on
10 important matters and you all can be of mixed
11 mind on important matters, the Director of
12 Racing is of mixed mind on this important
13 matter.

14 So, I offer you this recommendation,
15 but I also recognize that as I do so, I have a
16 dissenting opinion as well. But I think that's
17 the safest -- the soundest strategy moving
18 forward. And I'm very happy to have a
19 discussion.

20 COMMISSIONER MCHUGH: You have a
21 dissenting opinion from --

22 DR. DURENBERGER: Of my own.

23 COMMISSIONER MCHUGH: You're
24 recommending that we postpone for two years the

1 provisions of the Gaming Act that affect what
2 precisely? I should know this.

3 COMMISSIONER ZUNIGA: 128A.

4 DR. DURENBERGER: Section 112, which
5 appeared in Chapter 194. It's not in Chapter
6 23K. So, it was in that piece has a provision
7 which repeals Chapters 128A and C on July 31,
8 2014.

9 COMMISSIONER MCHUGH: I got it.
10 We're just delaying the repeal of those
11 sections for two years. We're asking the
12 Legislature to delay it.

13 DR. DURENBERGER: Correct.

14 COMMISSIONER ZUNIGA: We're asking
15 them to do that.

16 COMMISSIONER MCHUGH: Right. And
17 that will give us more time to think through
18 some of the other issues that attend this and
19 also time to finish the licensing and see who
20 the licensees are. And also give time to go
21 forward with construction that's going to
22 interrupt racing or potentially have an impact
23 on racing in any event. All of those reasons
24 counsel in favor of this, right?

1 DR. DURENBERGER: It will do all of
2 those things. It will also get the industry
3 out past the time that monies start being
4 generated into the Race Horse Development fund
5 as well. That was why we had looked at that
6 section three as well for all of those
7 uncertainties and the numbers and the deadlines
8 that are kind of shifting.

9 COMMISSIONER MCHUGH: Right, right,
10 okay.

11 COMMISSIONER ZUNIGA: That's key,
12 the Race Horse Development fund really kicks in
13 -- No pun intended -- after money start really
14 flowing.

15 COMMISSIONER MCHUGH: Right.
16 Discussions, questions? Motion?

17 COMMISSIONER ZUNIGA: I would move
18 that this Commission forward to the Legislature
19 recommendations relative to extension of
20 Chapters 128A and C as outlined in the memo
21 here labeled Section one and Section two.

22 COMMISSIONER STEBBINS: Second.

23 COMMISSIONER MCHUGH: This will go
24 to the Legislature with a little memo

1 explaining and some discussion on a one-on-one
2 basis as to why we need this.

3 DR. DURENBERGER: Yes, Sir.

4 COMMISSIONER MCHUGH: Any further
5 discussion? All in favor?

6 COMMISSIONER ZUNIGA: Aye.

7 COMMISSIONER STEBBINS: Aye.

8 COMMISSIONER MCHUGH: Aye, the ayes
9 have it.

10 DR. DURENBERGER: Thank you. And
11 the last agenda item some emergency regulations
12 changes that we propose which would affect 205
13 CMR 3.00 and 4.00. There's a packet in front
14 of you. There are a couple of changes
15 appearing in 205 CMR 3.09 and 3.11, which are
16 unique to harness racing. The rest of them
17 parallel the same for both of the breeds, both
18 the harness racing and the running horse
19 licensee.

20 I will tell you that we've receive
21 today an unprecedented amount of written and
22 telephonic communication from our stakeholders
23 regarding one particular provision. So,
24 knowing that they are the same in the two

1 chapters, I'll have you turn to 205 CMR 3.18(4)
2 subsection (E) as an echo. This appears in new
3 regulation regarding conflicts of interest
4 between racing officials who are officiating
5 the races, the pari-mutuel races and
6 participants, occupational licensees.

7 The Racing Division just to echo
8 something that Director Day said so eloquently
9 earlier today, we in keeping with the
10 Commission's mission are really committed to a
11 participatory process. To the extent that
12 these proposed regulations affected the
13 operators and the officials that they employ,
14 we did send out drafts to each of our licensees
15 and proposed licensees on February 21.

16 That submission included language
17 from us --

18 COMMISSIONER STEBBINS: What date
19 was that?

20 DR. DURENBERGER: On February 21.
21 That submission, we included language in that
22 about our commitment to the participatory
23 process. And that we believe that having an
24 industry that's committed to working together

1 to create sensible and enforceable regulation
2 is most desirable.

3 We did receive feedback from one of
4 the licensees. We did incorporate certain
5 revisions at their suggestion in response.

6 What I would like to do, if it's
7 all right with Commissioner McHugh, is I'd like
8 to read into the record one of the emails
9 received this morning, because I think it will
10 give you a flavor of some of the issues that we
11 are trying to address as well as some of the
12 concerns that the stakeholders are expressing
13 today. And then I would follow that up with my
14 go-forward suggestion in the face of what have
15 been some pretty strident comments received at
16 the late hour. So, with Commissioner McHugh's
17 permission.

18 COMMISSIONER MCHUGH: Yes, surely.

19 DR. DURENBERGER: Okay. This was
20 received from the Harness Horseman's
21 Association of New England. This is an
22 association that represents the occupational
23 licensees in harness racing, primarily owners,
24 drivers and trainers.

1 And I'll read this into the record.
2 This is from their secretary, Mr. Steve Quinn.
3 At the most recent board of directors meeting
4 of the HHANE, it was brought out that the
5 Commission was reviewing its policy allowing
6 family members to compete against each other in
7 pari-mutuel races. It was also brought to our
8 attention that certain individuals who
9 cohabitate had to make a decision to either
10 train horses or work for the track on part of
11 their officiating team.

12 Before decisions are made, the board
13 would like to fully participate in the process.
14 In the 1970s a similar decision was made by the
15 Massachusetts Racing Commission barring family
16 members from competing against each other.
17 This decision affected many in the racing
18 community. And then they give a list of names.

19 After much frustration and hearings,
20 it was determined that each worked as a
21 separate entity and were permitted to race
22 against each other again. The same would hold
23 true when decisions are made about conflicts
24 between, and they enumerate the racing

1 officials. Before people's livelihoods are
2 shattered, each should be reviewed separately
3 to be assured that there are no conflicts.

4 I am aware that in Massachusetts an
5 assumption of conflict is a conflict. I'm sure
6 when these positions are reviewed and how they
7 affect racing, it will show that they are not
8 and will not be in conflict.

9 We have been racing in Plainville
10 for over 11 years without a problem. The
11 people who hold these positions help the
12 industry along with trying to make a living.
13 These are the folks who are trying to help get
14 back on their feet.

15 The board is going to get more
16 active and request many changes to make things
17 more transparent. Many of the current
18 practices are assumed to be in conflict. We
19 are going to request a different format for the
20 draw -- which is when horses are entered to
21 race -- making it more visual to all. We want
22 the classes set up so it doesn't look like it
23 was written for certain individuals. Purses
24 for different classes will be established and

1 claiming prices will be set. We need to work
2 with the judges to make the rules that we have
3 work and remove the doubt of bad races.

4 The board met yesterday. We plan on
5 meeting weekly. If needed, we will come to
6 Boston to resolve differences. We are all
7 interested in putting on the best show possible
8 for the racing public.

9 Know that there are many individuals
10 offering advice and it's not wrong. However
11 decisions made by a group are usually better.
12 The board of directors as a group should be the
13 only voice for the best interest of harness
14 racing. And that's signed by the Secretary,
15 Mr. Steve Quinn of HHANE.

16 So, I think that gives you a flavor
17 of the issues that we are trying to address. I
18 will say a few things. First, is that we are
19 reviewing policies regarding family members
20 competing against each other but that there's
21 nothing in this packet that touches that.

22 What's in here, what's proposed they
23 squarely address the issue of racing and
24 operating officials officiating races in which

1 they have a potential financial impact -- a
2 financial interest in the outcome.

3 This proposed environment is
4 stricter than that prescribed by the model
5 rules. I will admit that. We don't think that
6 these proposals however unfairly burden the
7 racing officials. Their duty, racing
8 official's duty under the model rules are to
9 protect the interest of the betting public.

10 Different states handle this
11 differently. I worked in one state actually
12 where regulations similar to this were struck
13 as being void against public policy because
14 they encourage divorce.

15 COMMISSIONER MCHUGH: I'm sorry.
16 Regulation like your proposed (E)?

17 DR. DURENBERGER: Yes.

18 COMMISSIONER MCHUGH: Was struck as
19 void against public policy?

20 DR. DURENBERGER: That was my
21 understanding, yes.

22 COMMISSIONER MCHUGH: Okay.

23 DR. DURENBERGER: Another state,
24 another type of regulatory approach. Other

1 states have different approaches and just there
2 is not a model rule that addresses this. But
3 these are big deals and they will affect people
4 in significant ways.

5 So, I think my go-forward strategy
6 since these were intended to be adopted as
7 emergency regulations, there is no difference
8 in effect if we adopt them now, if we vote to
9 adopt them now or we adopt them in two weeks.

10 So, it may make sense given the
11 vociferousness of some of the comments that
12 we've received to put them out for informal
13 public comment and come back to you with a
14 package on the 20th.

15 I really do think, I get back to
16 something I talk about publicly a lot, which is
17 the racing's winner trifecta. And the three
18 stools of that trifecta number one are safety
19 initiatives. Number two are sensible
20 regulations and number three is a commitment to
21 aftercare.

22 So, this falls right with that
23 second prong, the sensible regulation. So, if
24 these regulations are not sensible, if they're

1 too vague, if the language is too all
2 encompassing, there's a couple of ways perhaps
3 we change the language in the regs. Perhaps we
4 draft some directives to provide clarification
5 or a brighter line, but it certainly seems to
6 me that there's no difference in effect if we
7 do that today or if we do that in two weeks.

8 COMMISSIONER MCHUGH: Any comments?
9 Any thoughts?

10 COMMISSIONER ZUNIGA: I am generally
11 in favor of studying the matter little bit more
12 because although we forwarded to stakeholders
13 on February 21 and there may have been enough
14 time for them to look at things, the practical
15 matter is that they may not have until very
16 recently for a whole host of reasons and it's
17 important to look at the comment. The essence
18 of the comment is more important rather than
19 the timing.

20 I was actually wondering about
21 whether -- Since we're going to be thinking
22 about it a little bit more, I am wondering
23 whether the size of the industry at this
24 juncture is one where this is very much a

1 reality and not just a perceived affecting a
2 number of people. That could change given our
3 recent decision in the future.

4 On account of that, I'd say it's
5 fine at least from that perspective to wait a
6 few more days to get more informed decision.

7 However, having said all that, I do
8 think what you put forward here is very
9 sensible at least as drafted here. That
10 somebody officiating a race in which it could
11 be perceived that they have a financial
12 interest in the outcome is very likely a
13 conflict of interest.

14 COMMISSIONER MCHUGH: It's bizarre.

15 COMMISSIONER ZUNIGA: Yes. It could
16 be a direct conflict, but even if it is under
17 our conflict of interest laws even the
18 perception of a conflict needs to be addressed
19 or cured or disclosed. I couldn't imagine
20 exactly how that would work in this setting.
21 Disclosing where and to whom and when that the
22 official is a sister-in-law of the owner of a
23 certain horse. So, anyway in the balance I say
24 it's fine to wait a little bit but I think your

1 first draft here was very sensible.

2 COMMISSIONER MCHUGH: I had, before
3 commenting, a question about 3.18, (1) and (2),
4 are those people who are listed there, are they
5 employees of the Commission or employees of the
6 track or something in between?

7 DR. DURENBERGER: 3.18(1) and (2)
8 and there's a parallel provision in the running
9 horse regs., in category one the racing
10 officials, the vast majority of them are
11 employed by the association. The Commission
12 employs two of the three judges. And they
13 employ the official veterinarian. The rest are
14 employed by the association. And provision
15 number one in this rule is model rule language
16 taken right from Racing Commissioners
17 International.

18 Section 2 operating officials is a
19 new provision. This does not appear in the
20 model rules. This is our attempt to address
21 background check gap and organizational gap.

22 So, in other words, the officers of
23 the companies of the entities were subject to
24 background checks that were very in-depth. And

1 then our racing officials, which appear in
2 provision one are subject to a much more
3 cursory level background check. This group of
4 individuals has the ability to direct, manage
5 or control racing operations or they supervise
6 those folks and had never been subject to
7 background check.

8 So, we put this forward back in
9 October actually and discussed with our racing
10 license applicants that this would be coming
11 down the pike so that they had some notice of
12 that.

13 COMMISSIONER MCHUGH: So, in the
14 case of our thoroughbred licensee and our now
15 gaming licensee, the two group would have to go
16 through another background check to the extent
17 that the existing one -- go through a
18 background check to the extent that the
19 existing one is insufficient. But they are
20 employed by the operator.

21 DR. DURENBERGER: They are employed
22 by the operator. And these positions were not
23 required to go through a background check as
24 part of the gaming process on the one applicant

1 side. And they have never been on the racing
2 side.

3 COMMISSIONER MCHUGH: Okay. And if
4 we postpone this for two weeks, is there going
5 to be enough time to do that before the meet
6 opens in mid-April?

7 DR. DURENBERGER: So, the intent was
8 to adopt these as emergency regs. and then
9 start the regular rule-making process in
10 parallel. So, if we come back to you on the
11 20th --

12 COMMISSIONER MCHUGH: No, no. I'm
13 sorry. I was imprecise. Will there be enough
14 time to get the background checks done if we
15 adopt these as emergency regs. in two weeks?

16 DR. DURENBERGER: On the operating
17 officials, it'll be close. We can probably
18 come to you with a recommendation to approve
19 them pending successful completion of the
20 background checks.

21 COMMISSIONER MCHUGH: All right.
22 Because I too think that we ought to take a
23 little bit more time with that and get a couple
24 of more weeks of public comment. Particularly

1 from -- Have we gotten from the racing
2 licensees, have we gotten comments from them?
3 They were part of the stakeholder group from
4 whom we solicited comments?

5 DR. DURENBERGER: So, one of our
6 racing licensees did submit some written
7 suggestions. And a conference call was had and
8 we incorporated some of their changes that we
9 thought we very reasonable.

10 The other gave me a phone call this
11 morning. So, we're going to encourage them to
12 submit something in writing as well.

13 COMMISSIONER MCHUGH: I would like
14 to hear some more detail of those comments.
15 Given the controversial nature of (E)
16 apparently, it seems to me we ought to have the
17 five Commissioners here so we can have a full
18 discussion.

19 And I would also like to see any
20 additional comments that come in between now
21 and the 20th if we do decide to postpone it.
22 And I also would like to see whatever case it
23 was that held section void as against public
24 policy. I'm having a little bit of trouble

1 figuring out on its face how the ban as opposed
2 to the practice should be void as against
3 public policy. So, I would very much like to
4 see that case. I take it we haven't looked at.

5 DR. DURENBERGER: It was in another
6 state.

7 COMMISSIONER MCHUGH: Pardon me?

8 DR. DURENBERGER: It's from another
9 state.

10 COMMISSIONER MCHUGH: I know.
11 Sometimes they do things in other states that
12 make sense too.

13 DR. DURENBERGER: Absolutely, but it
14 may take me a little bit more to find it.

15 COMMISSIONER MCHUGH: Right and
16 particularly if there's an opinion that goes
17 with it that explains why that provision is
18 void. So, I'd like to see that.

19 Do either of you have any other?
20 The other thing that jumped out at me in these
21 regs. that I wanted to ask you about and maybe
22 we could address again the next time is why the
23 prospective licensee should be required to bear
24 the cost of fingerprinting? Some of these jobs

1 are really low-paying back of the track jobs,
2 right?

3 DR. DURENBERGER: Correct. It's the
4 practice in every jurisdiction that I know of
5 on the racing side. Our Chief Pari-Mutuel
6 Officer has compiled a list. So, I can go back
7 and double-check that.

8 I will say that it's industry-
9 standard to not be printed every year. Every
10 three years is industry-standard. And I
11 believe, just thinking out loud about this,
12 it's probably just a source of resources for
13 the other commissions that have these. So, in
14 other words, for the commission to bear cost
15 that would be a significant cost.

16 We have 3200 occupational licensees
17 on the racing side. So, that would be 3200
18 times thirty-something dollars. So, it may be
19 a cost issue. But it has been the case in
20 every jurisdiction that I'm familiar with that
21 the licensee bears the cost.

22 COMMISSIONER MCHUGH: Could we get
23 for that discussion economic impact analysis,
24 because some of these folks I'm afraid are

1 making subsistence wages now. And to impose
2 another cost on them and maybe that's the best
3 way to go. But at least that's factor that I'd
4 like to know more about before we vote on this.

5 DR. DURENBERGER: Certainly. And I
6 think we have a bit of time on that as well in
7 that we put this provision in because it was
8 our understanding somewhere this summer we
9 would have the capability of printing folks,
10 but we're certainly not in a position to begin
11 that right now.

12 COMMISSIONER MCHUGH: Right. Okay.
13 Great. So, do we have a consensus then that we
14 should postpone this discussion until March 20
15 and come back and reassess it with the
16 additional information we've just described?

17 COMMISSIONER ZUNIGA: Yes.

18 COMMISSIONER STEBBINS: Yes.

19 MR. DAY: Commissioner McHugh, is
20 the plan to bring them back as emergency
21 regulations still or move them forward as part
22 of the formal process?

23 COMMISSIONER MCHUGH: Some of this
24 you want to have in place by mid-April, right?

1 Your conflict of interest regulation, if it's a
2 good idea, we ought to do that certainly. So,
3 emergency regulations, I think on that parallel
4 track where we do the emergency regulations as
5 well as start the process for the permanent
6 regulations. Let's do it that way then.

7 DR. DURENBERGER: Okay. We can
8 certainly do that. And we'll work on those
9 action items. And that concludes the Racing
10 report.

11 COMMISSIONER MCHUGH: Great. Okay
12 Good. Thank you very much. And that concludes
13 the agenda for the day, if my reading is
14 correct. Is everybody in agreement with that
15 reading?

16 COMMISSIONER ZUNIGA: Yes, and I
17 move that we adjourn.

18 COMMISSIONER MCHUGH: Before anybody
19 has a second thought. Is there a second for
20 that?

21 COMMISSIONER STEBBINS: Second.

22 COMMISSIONER MCHUGH: All favor,
23 aye.

24 COMMISSIONER ZUNIGA: Aye.

1 COMMISSIONER STEBBINS: Aye.

2 COMMISSIONER MCHUGH: The ayes have
3 it unanimously and we are adjourned. Thank you
4 all.

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6 (Meeting adjourned at 3:32 p.m.)

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1 ATTACHMENTS:

- 2 1. Massachusetts Gaming Commission March 6,
3 2014 Notice of Meeting and Agenda
- 4 2. Massachusetts Gaming Commission Minutes of
5 February 18, 2014
- 6 3. Massachusetts Gaming Commission Minutes of
7 February 20, 2014
- 8 4. Massachusetts Gaming Commission February
9 28, 2014 Licensing Schedule Update
- 10 5. Category 1 and 2 Applicant Timelines
- 11 6. Massachusetts Gaming Commission March 11,
12 2014 Internet Gaming Forum Agenda
- 13 7. Massachusetts Gaming Commission March 4,
14 2014 Memorandum Regarding Surrounding
15 Community Arbitration Process
- 16 8. Massachusetts Gaming Commission March 6,
17 2014 Division of Racing Memorandum
18 Regarding Outstanding Tickets
- 19 9. Massachusetts Gaming Commission March 6,
20 2014 Division of Racing Memorandum
21 Regarding Approval of Special Events to be
22 Simulcast at Raynham Park

23

24

1 ATTACHMENTS (continued):

- 2 10. Massachusetts Gaming Commission March 6,
3 2014 Division of Racing Memorandum
4 Regarding Proposed Extension of Existing
5 Chapters 128A and 128C
- 6 11. Massachusetts Gaming Commission March 6,
7 2014 Division of Racing Memorandum
8 Regarding Emergency Regulation Changes
9 Affecting 205 CMR 3.00 and 4.00
- 10 12. Cambridge Health Alliance document
- 11 13. 205 CMR 133 Voluntary Self-Exclusion
12 Regulation
- 13 14. Responsible Gaming Framework
- 14 15. Clean Energy Expo Agenda
- 15 16. 205 CMR 138 Gaming Devices and Electronic
16 Gaming Equipment Regulation

17

18 GUEST SPEAKERS:

- 19 Dr. Debi LaPlante, Harvard Division on
20 Addiction
- 21 Jennifer Pinck, Pinck and Company
- 22 Nancy Stack, Pinck and Company
- 23 Marlene Warner, Massachusetts Council on
24 Compulsive Gambling

1 MASSACHUSETTS GAMING COMMISSION STAFF:
2 Catherine Blue, General Counsel
3 Richard Day, Executive Director
4 Dr. Jennifer Durenberger, Director of Racing
5 John Glennon, Chief Information Officer
6 Jill Griffin, Director of Workforce, Supplier
7 and Diversity Development
8 Todd Grossman, Deputy General Counsel
9 John Lennon, Chief Financial and Accounting
10 Officer
11 Artem Shtatnov, Staff Attorney
12 Mark Vander Linden, Director of Research and
13 Problem Gambling
14 John Ziemba, Ombudsman
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C E R T I F I C A T E

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I, Laurie J. Jordan, an Approved Court Reporter, do hereby certify that the foregoing is a true and accurate transcript from the record of the proceedings.

I, Laurie J. Jordan, further certify that the foregoing is in compliance with the Administrative Office of the Trial Court Directive on Transcript Format.

I, Laurie J. Jordan, further certify I neither am counsel for, related to, nor employed by any of the parties to the action in which this hearing was taken and further that I am not financially nor otherwise interested in the outcome of this action.

Proceedings recorded by Verbatim means, and transcript produced from computer.

WITNESS MY HAND this 9th day of March, 2014.

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