

COMMONWEALTH OF MASSACHUSETTS  
MASSACHUSETTS GAMING COMMISSION

PUBLIC MEETING #123  
VOLUME I (p.m. session)

CHAIRMAN:

Stephen P. Crosby

COMMISSIONERS

Gayle Cameron

James F. McHugh

Bruce W. Stebbins

Enrique Zuniga

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June 10, 2014

2:08 p.m. to 4:48 p.m.

MASSMUTUAL CENTER

1277 Main Street, Ballroom A

Springfield, Massachusetts

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

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3 CHAIRMAN CROSBY: We are next going  
4 to Commissioner Zuniga to talk about the  
5 financial aspect.

6 COMMISSIONER ZUNIGA: Thank you.

7 CHAIRMAN CROSBY: Commissioner.

8 COMMISSIONER ZUNIGA: Good afternoon,  
9 everybody.

10 COMMISSIONER CAMERON: Good  
11 afternoon.

12 COMMISSIONER ZUNIGA: It's good to be  
13 here right after lunch to get into some of  
14 the technical aspects of the -- of the  
15 presentation. It's par for the course from  
16 -- from last time. I will build on some of  
17 the concepts relative to market assessment  
18 on the Category 2 evaluation because we are  
19 now starting to look at the Commonwealth as  
20 a whole as we -- as we continue to -- to  
21 evaluate and grant licenses. Let me just  
22 get right -- right to it on the finance and  
23 operations presentation.

24 I'll start with a very brief summary,

1 but there's -- there's a lot that we had  
2 access to because MGM is a very active large  
3 and prolific public company. So, there's a  
4 lot of information online and elsewhere on  
5 their annual reports that we were able to  
6 glean, review, and -- and evaluate as part  
7 of this process.

8 MGM currently owns and operates 19  
9 casinos, 14 of them located in the strip, 4  
10 of them elsewhere in the United States.  
11 Notably Detroit, Mississippi and Illinois.  
12 They also have a very significant operation  
13 in Macau with some ownership of that  
14 operation.

15 Their domestic casinos generated 1.7  
16 billion in stock revenue and 861,000,000 in  
17 table revenue just in 2013. And not unlike  
18 other operations that are in Macau, they --  
19 they generated 3.3 billion when it comes to  
20 the Macau operations.

21 MGM Resorts International is  
22 currently developing a resort in Cotai.  
23 They were also recently awarded a license to  
24 develop a resort in Prince George's County,

1 Maryland in National Harbor.

2 As we stated here before, the  
3 Applicant is Blue Tarp Redevelopment,  
4 otherwise known as MGM Springfield. And  
5 it's a joint venture that includes Mr. Paul  
6 Picknelly, a local businessman.

7 Just going on the next -- on the next  
8 slide, I think there was -- yeah, here's a,  
9 just a brief snapshot of what they are  
10 proposing from a gaming and other operations  
11 perspective. They -- they outline a process  
12 for development of 27 months, right in the  
13 heart of Springfield. The opening date at  
14 this point is subject to certain factors and  
15 including of course the -- our own time  
16 line, the licensing award and other things.

17 They are proposing a 3,000 slot  
18 operation with 100 games, table games that  
19 is. I'll get into the details of some of  
20 the table game mix and slots mix. They  
21 provided a lot of detail in terms of those  
22 plans in their application.

23 The casino area is 126,000 square  
24 feet. They also propose to have 8 food and

1 beverage outlets, all of them owned and  
2 operated by -- by MGM. They have -- they  
3 are proposing 2,000, north of 2,000 food and  
4 beverage seats. And as you saw from some of  
5 the description of the building and site  
6 design, there's a -- there's a large mix of  
7 a lot of entertainment products, including  
8 the bowling alley, the cinema, a radio and a  
9 TV studio.

10 The application includes -- the  
11 proposal includes 19,388 square feet of  
12 exhibition space. And it's important to  
13 note that that is -- there's a -- there's an  
14 agreement with the MassMutual Center to  
15 complement and supplement the operation  
16 here. There's a -- there's a large  
17 sponsorship agreement with -- with this  
18 venue.

19 There's 35,000 square feet of outdoor  
20 retail, as well as 8,000 square feet of  
21 branded retail. Those are the -- some of  
22 the shops.

23 CHAIRMAN CROSBY: Is there some  
24 reason, Commissioner, why this -- why it

1 doesn't include the housing, this chart?

2 COMMISSIONER ZUNIGA: No, there's --  
3 no. This -- this comes from, more from --  
4 there's no reason why I didn't include the  
5 housing here.

6 COMMISSIONER CROSBY: Okay. I  
7 thought maybe that was, housing was a  
8 different category or something.

9 COMMISSIONER ZUNIGA: No, no, we just  
10 provided the general update --

11 CHAIRMAN CROSBY: Okay.

12 COMMISSIONER ZUNIGA: -- of the --  
13 the attributes that support the gaming  
14 operation.

15 And as noted before, north of 3,000  
16 parking spaces.

17 I'll just give a little background on  
18 the finance section. The application was  
19 organized in language that came right out of  
20 the statute. It's relative to financial and  
21 capital structure, maximizing the revenues  
22 to the Commonwealth, realizing the maximum  
23 capital investment as well as securing a  
24 robust gaming market.

1           The application also included a  
2           number of questions that for the purposes of  
3           this finance section were included in the  
4           finance section of the application but were  
5           not rated. We're not rating them. Those  
6           are questions 2-13; 14; 15; 16; and 17, as  
7           well as 33. I'll just mention briefly that  
8           questions 13; 14; and 15 have to do with  
9           ongoing suitability, breaches of contract,  
10          administrative proceedings, etcetera. So,  
11          we're not -- we're not rating them as part  
12          of this Phase 2.

13                 You may recall, Commissioners, that  
14                 there is a question, number 16, that deals  
15                 with and asks relative to minority sources,  
16                 sources of minority financing. And MGM  
17                 responded they don't have at this -- at this  
18                 juncture, any sources of financing that come  
19                 from minority groups. But as a public  
20                 company, anybody of course is able to access  
21                 their -- their shares.

22                 And question 2-33 has to do with  
23                 internet gaming that I'm not also -- I'm  
24                 also not rating as part of this process.

1 And the big thrust of that question -- that  
2 answer rather, is there is a lot of wait and  
3 see from operators including, you know, the  
4 Commonwealth, as to what may happen or  
5 develop in that -- in that arena.

6 So, going onto the next slide, taking  
7 -- I think we skipped one. No, I'm sorry.  
8 This is the team of advisors that -- that I  
9 relied on. They are all from the firm of  
10 HLT Advisory. Rob Scarpelli is with us here  
11 today and he leads the group that's depicted  
12 there.

13 Drew Chamberlain, also from HLT, has  
14 a lot of experience in actually in Ontario  
15 having managed a casino there, Casino  
16 Niagara. A lot of experience as well within  
17 the hospitality and leisure industry as Rob  
18 has. Katia Muro and Matthew Klas, great  
19 resources in terms of all the work they do  
20 for market assessment, looking up things  
21 that I need to find on 10-Ks and annual  
22 reports. Really, really, valuable group of  
23 people.

24 So, onto the approach. Taking all of



1 the questions, statutory goals and -- and  
2 questions in the application, we came up  
3 with four criteria, large criteria as  
4 depicted in -- in the slide. We rated each  
5 of these criteria and subcriteria as you'll  
6 see further in my presentation.

7 And the first one has to do with  
8 financial capability, whether the Applicant  
9 has enough financial strength, the ability  
10 to obtain project capital, and whether the  
11 project, the expected project returns are in  
12 line with what would be considered the level  
13 of risk that they undertake.

14 The second criteria is the investment  
15 plan. There has to be evidence of  
16 committing to spend the required capital.  
17 You'll recall our minimum investment amount  
18 is depicted in our regulations. We have to  
19 test all of their budget line items to that,  
20 to those -- to those guidelines. But also  
21 in order to substantiate the project  
22 returns, we have to look at the timing of  
23 the development, and perhaps more  
24 importantly the consistency between what

1           they propose and the market penetration, as  
2           well as the financial results. By looking  
3           at the financial projections, as well as  
4           looking what they -- the marketing plans  
5           that they have, etcetera, we make sure that  
6           there's consistency between all those areas.  
7           And that way we get a real comfort level  
8           that there's -- there's a sound investment  
9           plan.

10                        Thirdly, there's the market  
11           assessment. We want to independently, with  
12           the help of our advisors, do our own  
13           projections for market share and revenues,  
14           both inside and outside what is termed as  
15           the defined market area.

16                        And then finally, we look at their  
17           operations plans, and how they propose to  
18           run the business and whether we are  
19           comfortable with their operation supporting  
20           the financial returns that they -- that they  
21           project.

22                        You may recall that for the Category  
23           2s, the market assessment included a pre-  
24           competition and post competition scenario,

1 number of scenarios. I'll speak a little  
2 bit more to that later when I get to the  
3 market assessment.

4 But in this case we're not including  
5 the pre-competition because for the Category  
6 2s, they -- they operate -- the Category 2  
7 license will operate with no competition  
8 from the other regions, the other regions in  
9 Massachusetts for some period of time. And  
10 that was relevant at the evaluation of the  
11 Category 2. In this case, this is the post  
12 phase, the phase at which MGM for example  
13 would be coming online and -- and the  
14 competition that I've been -- that I've been  
15 talking about in this market assessment  
16 context is within the same state of the  
17 Commonwealth.

18 Okay. So, going onto the next slide  
19 we start to get into the criteria and the  
20 subcriteria. As I mentioned, financial  
21 capability was criteria number one. There's  
22 three subcriteria, and each one of those  
23 criteria was rated. The sources for -- were  
24 -- were -- are multiple sources. They --

1           they answered questions in -- in many places  
2           for us to ascertain their ability to obtain  
3           project capital. As I mentioned before we  
4           also look at what else they have going on,  
5           what disclosures they've made to the -- as  
6           part of their SEC filings and their annual  
7           reports, and 10-Ks and other things.

8                     The subcriterias as outlined, their  
9           ability to finance this project, their  
10          current financial strength and their  
11          expected project returns.

12                    I guess I already touched a little  
13          bit on this slide. We reviewed their  
14          financing plan. We reviewed annual reports,  
15          their public representations, as well as the  
16          Phase 1 suitability reports.

17                    Let's just go to the next slide. So,  
18          on the subcriteria number 1.1, the Applicant  
19          is proposing two options to fund this --  
20          this development. Both of which I -- I  
21          think are quite reasonable and -- and  
22          doable, and conservative.

23                    Option number one includes funding  
24          the project through its corporate credit

1 facility, existing cash from existing  
2 operations, and what -- what level of  
3 capital they could get from what they --  
4 what they have already in terms of ability  
5 to borrow or whatever they are producing  
6 elsewhere in their -- in their operations.  
7 I will mention here that there -- there is  
8 an event that could happen in the future.  
9 MGM has the ability to convert bonds,  
10 actually the bondholders of a lot of debt is  
11 convertible to equity in the near future.  
12 That -- those bonds, the conversion price of  
13 those bonds are currently trading above the  
14 -- the market share. I'm sorry, it's the  
15 other way around. The stock price of  
16 currently is trading above the conversion  
17 rate. So, whoever is holding those bonds  
18 would be really incentivized to convert  
19 those bonds to equity at this point.

20 CHAIRMAN CROSBY: And it's  
21 convertible by the bondholders?

22 COMMISSIONER ZUNIGA: By the  
23 bondholders, right.

24 CHAIRMAN CROSBY: Not MGM, yeah.

1           COMMISSIONER ZUNIGA: Right. So, in  
2           the event that MGM converts those bonds, is  
3           able to convert those bonds in the next  
4           three years there would be a lot of cash  
5           available to fund the development out of its  
6           employee operating capital.

7           There's some detailed large figures  
8           there as part of the December 31st, 10-K.  
9           There's about 1.2 billion in available  
10          borrowing capacity in the senior credit  
11          facility that I mentioned. MGM also had 1.7  
12          billion in EBITDA for the year ending  
13          December 31st. And as I -- as I mentioned,  
14          there's part of that is an interest expense  
15          and capital expenditures. But the current  
16          assets as of December 31, 2013 exceed the  
17          current liabilities, which is also a sign of  
18          financial health. All of these relevant to  
19          their option one.

20          Going on to the next slide, I'm not  
21          going to be able to provide much details on  
22          these. Some of this is redactable as per  
23          our public records protections. But MGM  
24          proposes to contribute a good significant

1 amount of project cost as part of their  
2 equity. And it's outlined to be -- it's  
3 projected to be between 25 to 50 percent.  
4 And the remaining would be financed through  
5 what's called project financing. For that  
6 purpose, they have obtained two Letters of  
7 Credits -- two Letters of Credit from very  
8 recognized financing institutions, Barclays  
9 and Deutsche Bank. They exceed the project  
10 financing -- they both exceed the project  
11 financing requirements. We're satisfied as  
12 well that option two is very doable, is, you  
13 know, quite conservative.

14 We may or may not have an opinion if  
15 this license is awarded as to whether we  
16 would prefer option one or option two.  
17 There's a number of things that could  
18 happen, you know, along the way that might  
19 cause us to have an opinion. But at this  
20 point, we see both options as very  
21 satisfactory.

22 So, for the -- for that purpose we're  
23 rating the ability to obtain project capital  
24 as very good. There is no conditions, there

1 is no significant limitations to their  
2 Letters of Credit or their ability to fund  
3 this out of existing cash or their senior  
4 credit facility. Not only that, they  
5 present two alternatives for financing, so  
6 that provides additional level of comfort.

7 Moving on to subcriteria number two;  
8 1.2, it is their current financial strength.  
9 The idea here is that we look at their  
10 operations and financial health elsewhere to  
11 ensure that there's not -- that developing a  
12 project in Massachusetts doesn't represent a  
13 drag into -- into this operation, or the  
14 financing. But rather the opposite could --  
15 could, in the event that it's needed,  
16 support the completion of a project of this  
17 magnitude.

18 As -- as before, we review the  
19 financial statements submitted by the  
20 Applicant, and we conducted a number of  
21 ratio analyses to assess the financial  
22 strength. As well in this criteria we have  
23 significant access to a lot of rich  
24 information because MGM is a public company.



1           I know many in our audience cannot --  
2 cannot read this table. This is a table  
3 that includes all of the publicly traded  
4 companies and some of the ratios that we  
5 looked at. I need to provide context to  
6 this. All of these ratios by themselves  
7 only provide one indication or indicator of  
8 financial strength, not one of them should  
9 be taken as an end-all and be-all. It also  
10 depends heavily on the size of the operation  
11 and the diversification of their operations.  
12 So, I -- I'm just going to leave it at that.

13           Relative to their current financial  
14 strength going on, there's -- there's a  
15 current ratio. If you take the current  
16 assets to their current liabilities, the  
17 desire is that the ratio be greater than  
18 one. In other words that there's enough  
19 ability to pay whatever the -- whatever is  
20 needed. MGM is clearly satisfactorily above  
21 that currently, and is forecasted to  
22 continue that way. We also look at the  
23 capital asset turnover ratio, which is for  
24 the most part in line with other publicly

1 traded companies with the amount of assets  
2 that MGM has. The capital asset turnover  
3 ratio is the total capital assets divided by  
4 their -- by their net revenue -- rather, the  
5 net revenue divided by their total capital  
6 assets.

7 MGM has a debt to equity ratio that  
8 is greater than three. Currently -- well,  
9 as of December 31st, it stood at 3.18. But  
10 as I mentioned before, and relative to the  
11 conversion of those convertible notes, most  
12 of them due in 2015, that ratio is going to  
13 improve significantly given -- given the  
14 status of the -- of the stock at -- at this  
15 point.

16 MGM has a return investment of 10  
17 percent, and a ratio of two when it comes to  
18 times interest earned. The ratio of times  
19 interest earned is the interest, the EBITDA  
20 divided by the interest expense. That also  
21 provides a good measure of financial health  
22 because they can pay their bondholders and  
23 interest expense rather comfortably.

24 As a result we are rating the current

1 financial strength as a sufficient, very  
2 good. I've outlined the ratios that just --  
3 just a few of the ones that I thought --  
4 that we thought were worthy of note. But we  
5 -- we look at many others as many of the  
6 financial analysts do.

7 I want to make sure there's no  
8 questions at this point from --

9 CHAIRMAN CROSBY: All set.

10 COMMISSIONER ZUNIGA: Moving on to  
11 subcriteria three under the first criteria.  
12 We want to make sure that the Applicant with  
13 their proposed operation earns a  
14 commercially reasonable rate of return over  
15 the period of the term of the license.  
16 That's 15 years, of course. What I  
17 understand to be a reasonable benchmark for  
18 a project return of this magnitude is around  
19 15 percent. Not to be confused with the 15  
20 percent that's depicted there. That's --  
21 that's a reasonable entrepreneurial profit  
22 for a level of this -- of this magnitude.

23 The way we test these expected  
24 returns, we take their EBITDA numbers and

1 calculate a simple return of investment,  
2 discounting those numbers with a four  
3 percent discount rate or a 15 percent  
4 discount rate to simulate a minor difference  
5 between what they project and what could  
6 happen. And that would be the four percent.  
7 Or a significance difference between what  
8 they project and what could happen if  
9 something went terribly wrong in the capital  
10 markets for example. And discount those --  
11 those EBITDA -- those EBITDA numbers at 15  
12 percent.

13 This, to borrow some of the terms  
14 lately in the financial industry, is a bit  
15 of conducting like a real stress test into  
16 what they -- what they project.

17 These returns, we're not able to  
18 depict them here publicly, but we are  
19 satisfied that the return of investment  
20 exceeds that 15 percent that I mentioned if  
21 we use no discount rate. If we take a  
22 conservative approach, and discount them at  
23 four or even a very conservative approach  
24 and discount those by 15 percent, there's --

1           there's a return on investment that is still  
2           in the positive arena, which we are very  
3           satisfied with.

4                     In turn, that turns into a very good  
5           rating because that plan produces a  
6           commercially reasonable return on  
7           investment. It is recouped over the 15 year  
8           term, which is expected and very positive  
9           and healthy. And there can still be a  
10          return of investment of a small one even if  
11          we apply a 15 percent discount of those  
12          projections.

13                    That is part of the first -- that is  
14          the conclusion of the first criteria. I can  
15          pause here if there's any questions or ask  
16          Rob if he thinks I missed anything worthy of  
17          noting. Okay. Then let's go on to the  
18          investment plan.

19                    As part of this process we also  
20          looked at the suitability of the proposed  
21          physical facility and a test whether that  
22          would be able to compete in the market over  
23          the term of the license.

24                    The specific assessment areas include

1           that minimum capital investment that we  
2           talked about in other contexts in other  
3           regions. And we test their budget, their  
4           detailed budget against the eligible and  
5           ineligible costs when it comes to the  
6           investment amount calculation.

7                         We look at the timing of total  
8           development, which is important because  
9           until there is such completion of the  
10          project there could be the beginning of the  
11          recouping of those -- those investments.  
12          So, in other words we're -- we're making  
13          sure that those future cash flows, positive  
14          cash flows are not too far ahead where the  
15          return of investment is not -- is not  
16          healthy. And again, and importantly we test  
17          the consistency between what they propose  
18          and what the market can expect in terms --  
19          what we can expect the -- the gaming  
20          operation to do, and how that shows up in  
21          their financial projections and financial  
22          results.

23                         The required capital is the first  
24          subcriteria. This is straightforward. I

1           wouldn't call it simple, but a  
2           straightforward test. We look at the  
3           detailed budget and make sure that they are  
4           expending at least 500,000,000 as -- as the  
5           way we define the minimum capital  
6           investment.

7                        Next slide please, Melissa. I'm able  
8           to outline the total costs in this fashion.  
9           Some of the details we have redacted. So,  
10          this is the -- the detail that I can get  
11          into. There's 408,000,000 give or take when  
12          it comes to all construction, building,  
13          design, permitting, hard costs. There's  
14          about 107,000,000 when it comes to all FFME  
15          fitting, slots, equipment, surveillance  
16          systems, etcetera, which puts this proposal  
17          50,000,000 above the minimum capital  
18          investment.

19                       There are a lot of costs that are  
20          still necessary and did thought to be  
21          capital outlay when it comes to generally  
22          accepted accounting principles. But we have  
23          excluded them from minimum the investment  
24          calculation. Those include the licensing

1 fee, the land, financing startup and other  
2 supplies, etcetera.

3 And as been -- and as it has been  
4 reported, there's the total, the grand total  
5 is north of \$825,000,000.00.

6 So, we're quite satisfied that if  
7 this is a pass/fail rating in our -- in our  
8 opinion. And that's how we labeled this  
9 meeting the requirement.

10 On to project time line. Yeah, we  
11 are there. I mentioned before we looked at  
12 the plan time lines and the time to obtain  
13 the necessary permits. It is not considered  
14 as part of this review. I may have  
15 something to say about that as we get into  
16 the discussions relative to the award of the  
17 license later on tomorrow. But at this  
18 point, we believe and the next slide will  
19 show that their anticipated construction  
20 duration of 27 months appears reasonable.  
21 Their opening date is, at this point,  
22 subject to the license award date and a  
23 couple of other moving pieces. Nonetheless,  
24 we think that this is a reasonable time for



1 the developing of such a large project with  
2 multiple pieces, several systems, different  
3 façades, the preservation of certain  
4 buildings. So, there will be a lot of  
5 complexity and intensity when it comes to  
6 making this -- this project work in the  
7 specified amount of time.

8 At a very high level, the time line  
9 as articulated by the Applicant seems to be  
10 a very reasonable one. By starting with the  
11 big parking garage they will alleviate a lot  
12 of the concerns with the surroundings. At  
13 the same time, they would probably better  
14 design the -- the many elements around, you  
15 know, the facility and -- and around Main  
16 Street, for example. And not unlike what  
17 Penn is doing with the current project, they  
18 would likely do a design build fast-track  
19 construction of a facility like this.

20 CHAIRMAN CROSBY: Commissioner, I  
21 assume there's -- there's no use of cash  
22 flow until the whole thing is done, right,  
23 and --

24 COMMISSIONER ZUNIGA: There is not.

1           There is nobody -- unlike one of the  
2           Applicants in Category 2 --

3                     CHAIRMAN CROSBY:   Right.

4                     COMMISSIONER ZUNIGA:  -- you might  
5           remember or be alluding to, there is no  
6           assumption that they will open up a gaming  
7           facility --

8                     CHAIRMAN CROSBY:   Right.

9                     COMMISSIONER ZUNIGA:  -- temporary or  
10          otherwise prior to anything else.  Which  
11          directly dives into -- to this, and which is  
12          why it's important for us to look at their  
13          operations and development pipeline  
14          elsewhere.

15                    CHAIRMAN CROSBY:   Right.

16                    COMMISSIONER ZUNIGA:  And be  
17          comfortable with their ability to keep cash  
18          that may be required in this facility.

19                    So, as a result, we are also saying  
20          that their development time line -- pipeline  
21          -- or time line, rather, is rated very good,  
22          appears reasonable.

23                    Okay.  Subcategory three of the  
24          second criteria is the consistency with

1           their financials. We looked -- and that is  
2           the consistency between the size, the scope  
3           of the facility and their operating and  
4           financial plans, and how all of those  
5           elements jive together to get a comfort  
6           level that their financial projections are  
7           also in line with what could be expected.

8                     We looked at their capital budget,  
9           their renderings, some of the  
10          constructability issues that I was talking  
11          about, as well as how that fits with their  
12          operating and financial plans.

13                    I'll speak to some of the highlights,  
14          but there's a lot of detail that's included  
15          in the packet behind many of these -- many  
16          of these indicators.

17                    The site location of course is  
18          situated in downtown core. There's a --  
19          there's a good mix of slots and tables,  
20          consistent with many operations in North  
21          America, not only the United States but also  
22          in Canada. The gaming floor, I mentioned.  
23          There's what would appear to be less rooms  
24          when it comes to the hotel than what this

1 ability -- than what this facility could  
2 sustain. But that really stems from their  
3 plan of supporting neighboring operations,  
4 notably the Sheraton and the Marriott just  
5 literally a block or two away. And they  
6 have signed -- they have executed  
7 agreements. I don't know if it's executed  
8 or -- or in spirit. And those hotels are --  
9 they have enough capacity, enough vacancy to  
10 be able to accommodate additional demand.

11 I mentioned the food and beverage  
12 already, as well as the entertainment.  
13 There's a number of options which is what we  
14 would like to see from a menu of -- menu of  
15 options available. This -- the approach  
16 here is to appeal to a broad base of a mass  
17 market type of customers. And they clearly  
18 are proposing many of options that could --  
19 could easily do that. I also mentioned  
20 already the exhibition and the retail square  
21 footages.

22 CHAIRMAN CROSBY: Again, Commissioner

23 --

24 COMMISSIONER ZUNIGA: Yeah.

1                   CHAIRMAN CROSBY:  -- you don't  
2                   include the housing units.  You're not  
3                   implying somehow that the housing units are  
4                   a separate venture, separate -- okay.

5                   COMMISSIONER ZUNIGA:  No, no, I'm  
6                   not.

7                   CHAIRMAN CROSBY:  Okay.

8                   COMMISSIONER ZUNIGA:  I'm not.  No.  
9                   And maybe, you know, maybe on that note the  
10                  housing units could easily be, you know,  
11                  built, sold and, you know, and -- and we're  
12                  done.  That -- that provides vibrancy to the  
13                  downtown.  I think it's a great plan.  But  
14                  from a -- from the perspective of supporting  
15                  the operations, we don't see them as  
16                  critical.  I think it's a lot more critical  
17                  to have food and beverage seats so that you  
18                  can complement your gaming operations is  
19                  rather critical to -- to include hotel rooms  
20                  as an amenity, so that, you know, people can  
21                  come for more than a trip day.

22                  CHAIRMAN CROSBY:  Same with -- same  
23                  with bowling alleys and movie theaters, and  
24                  --

1           COMMISSIONER ZUNIGA: Right. Well,  
2           it just -- it just gives a menu of multiple  
3           options. People can -- can bring their  
4           significant others, their families,  
5           etcetera. It really adds to the vibrancy  
6           and supports the gaming. We are mostly  
7           interested in the gaming dollars --

8           CHAIRMAN CROSBY: Right.

9           COMMISSIONER ZUNIGA: -- because  
10          that's what we really, we, the Commonwealth,  
11          derive the benefit from. There's a lot of  
12          other benefits that come from having a  
13          vibrant town in downtown Springfield.

14          CHAIRMAN CROSBY: Right.

15          COMMISSIONER ZUNIGA: And those are  
16          great, but when it comes to paying for the  
17          capital investment, it really comes out of,  
18          you know, the cash flow that they can  
19          produce. And that's the ongoing operation.

20          CHAIRMAN CROSBY: Right.

21          COMMISSIONER ZUNIGA: So, that's --  
22          that's --

23          CHAIRMAN CROSBY: Okay.

24          COMMISSIONER ZUNIGA: There's --

1           there's no -- no other reason than -- than  
2           just focusing on what we felt was the key --  
3           the key points.

4                         So, some of the findings, the gaming  
5           square footage is slightly higher than what  
6           would be required to the -- to what they  
7           propose in terms of slots and tables. This,  
8           we view as a good sign because if they feel  
9           that there's enough demand to add slot  
10          machines, they are not restricted by statute  
11          like the Category 2s are for example to add  
12          slot machines or even table games. They'll  
13          be able to, maybe play around is not the  
14          right term, but figure out just what -- what  
15          the right mix is in terms of market demand  
16          and be able to meet it, you know, we feel  
17          quite comfortably.

18                        The food and beverage ratio per  
19          position is reasonable. And given typical  
20          industry norms, it's at half a seat per  
21          gaming position or just above that, .57.  
22          The parking, a rule of thumb is one to one,  
23          one parking slot per gaming position. And  
24          they're -- they're slightly above that.

1           I believe I mentioned elsewhere that  
2 they are proposing -- I'll get into that  
3 later. There's -- there's more that I'll  
4 say about the parking, but it's just at this  
5 point we look at it as a very reasonable  
6 overall number.

7           That leads me to a rating of an  
8 outstanding when it comes to their overall  
9 plan. The facility is consistent when it  
10 comes to the size. The scope of the  
11 facility is consistent with their business  
12 and financial plans. Those business and  
13 financial plans are very detailed. We are  
14 very comfortable that they are providing or  
15 proposing what would be a regional  
16 destination resort, and one that would  
17 really integrate into the local community  
18 with their -- with all their retail food and  
19 beverage and housing elements.

20           I can pause there if there's any --  
21 any other questions.

22           COMMISSIONER CAMERON: No.

23           COMMISSIONER ZUNIGA: I want to make  
24 sure I don't put anybody to sleep while I



1 continue on the market assessment. Okay.  
2 Well, let's -- let's get right to the market  
3 assessment.

4 I will emphasize that this market  
5 assessment builds on the Category 2 market  
6 assessment that we did back in -- prior to  
7 February. We concluded in February with the  
8 Category 2s.

9 There are scenarios from that market  
10 assessment that are no longer relevant.  
11 You'll recall that when we did the market  
12 assessment for the Category 2s, there were  
13 three very different market areas to study  
14 by having three very different proponents.  
15 Now, that's fixed. Now, we can -- we can --  
16 I see it as being constructed. There's an  
17 operation that we can assume to be there in  
18 as early as next year in Plainville. And  
19 the dynamics that that does to the market  
20 are less in terms of moving -- moving  
21 pieces.

22 What we do is then superpose the --  
23 the Region B casino in -- here in  
24 Springfield and also superpose one operation

1 as we have the ability to license in the  
2 Boston area. Similarly, we assume the  
3 geographical center of Region C to have one  
4 operation in -- in the future. And that  
5 future is very uncertain when it comes to  
6 that region. But for purposes of this  
7 assessment, we make -- we have to make those  
8 assumptions.

9 Now, what we -- what we do -- so, the  
10 noncompetition scenarios from the Category  
11 2s have been -- have been effectively  
12 removed. We still look at the size of the  
13 expected market, and we also look at the  
14 individual facility being able to generate  
15 the gaming revenue projections in terms of  
16 market shares from different subgeographical  
17 areas.

18 We of course operate under the  
19 assumption that gaming revenues are a  
20 function of the size of the gaming market  
21 and the competition within it. There's --  
22 they're also a function of the adult  
23 population, its propensity to game, and the  
24 ability or in other words the supply in the

1 market.

2 The model that HLT built for us is  
3 centered on the geographic extent of the  
4 market area, the gaming dollars or the total  
5 market size, and those -- how that market is  
6 split up among the different competitors.

7 Just a couple of general -- general  
8 findings here in terms of competition with  
9 out-of-state, the facilities out-of-state.  
10 In other words, Rhode Island and  
11 Connecticut. And let me pause right here.  
12 There, for the purposes of the market  
13 extent, we believe in terms of market drive  
14 -- drive time, generally the New England  
15 region, the New England market does not  
16 compete very heavily for -- with -- with New  
17 York. And it doesn't compete heavily with  
18 Maine.

19 You might recall a map that I had in  
20 the previous presentation. When you -- if  
21 you superpose a 90 minute drive to each of  
22 the proposed locations, all of New England  
23 is covered, and anybody in New England has  
24 the ability to drive 90 minutes or less and

1 get to a facility. So, that makes this  
2 market -- the market really that the four --  
3 I'm sorry, one, two, three, four, five New  
4 England states minus Maine.

5 So, I mentioned Rhode Island and  
6 Connecticut here in that context, not in the  
7 context to single out anybody. But in the  
8 context that we believe that's the thrust of  
9 the competition. Anybody in Massachusetts  
10 will have the ability to drive to one or  
11 more facilities in 90 minutes or thereabouts  
12 and hit -- and -- and get one of these  
13 facilities.

14 So, we look at three of the four  
15 existing competitive casinos in Rhode Island  
16 and Connecticut. And they contain between  
17 4,500 and 6,300 slot machines. They also  
18 offer a lot of table games. We believe that  
19 at 3,000 slot machines and 100 or more table  
20 games, the Category 1 facilities in  
21 Massachusetts as they are currently  
22 proposing -- being proposed would be able to  
23 compete with those operations out-of-state.  
24 And that's the point that I'm making in --

1 in that third bullet over there.

2 The tax rate is also important to  
3 start thinking about when it comes to  
4 competition. The Category 1 facilities have  
5 a tax rate that is less than some of the  
6 table tax rates elsewhere. But conversely,  
7 the table game tax in the Commonwealth at 25  
8 percent will be more onerous from an  
9 operating perspective compared to the table  
10 games elsewhere in -- in Connecticut.  
11 Certainly in Connecticut where there's no  
12 table tax or at 18 percent even, where  
13 there's a tax of 18 percent.

14 I keep being told that allowing  
15 smoking is a competitive advantage. This is  
16 a statutory requirement. The Commonwealth  
17 does not allow it. I -- I still think that  
18 it may at one point maybe in the very near  
19 future prove to be a competitive advantage,  
20 not a disadvantage. But that's the other  
21 point that -- that everybody that comes from  
22 having studied these facilities tell us, and  
23 non-smoking is going to be a bit of a  
24 disadvantage when it comes to the

1 Commonwealth.

2           Anyway, let's keep going to the size  
3 of the market. And perhaps actually I  
4 should have put in this slide after the next  
5 one. So, maybe we come -- can come back to  
6 this. This is a graphic representation of  
7 the prior slide. You'll recall that there's  
8 the -- the green line is just a pictorial  
9 representation of a 30 minute drive time.  
10 The red line, you know, concentric from --  
11 from Springfield, the red line is the 60  
12 minute drive time, and the blue line is the  
13 90 minute drive time.

14           Now, this we believe would be the  
15 sweet spot if we can -- if we can term it  
16 that way for an operation in Springfield.  
17 As such, the -- the Applicant in MGM, will  
18 heavily compete as you -- you can see here  
19 with the operations in Connecticut, and to a  
20 certain degree with the operation in Rhode  
21 Island that's closest to -- to the  
22 Commonwealth. Now, however the numbers that  
23 matter for the model are the numbers  
24 depicted in the little white squares here.

1           And those are the market share that we  
2           believe could reasonably be attained by  
3           operation in Springfield.

4                       So, you will notice that the south  
5           central Springfield area would be in our  
6           opinion able to capture 80 percent of the  
7           adult population that gambles. And that's  
8           depicted there. And so on and so forth.

9                       There's -- there's a lot of numbers  
10          outside of the 90 minute drive time, mostly  
11          depicted in violet in this map. Those all  
12          are in the Boston area, north of the Boston  
13          area, somewhat in New Hampshire, and of  
14          course the southeastern region of the state.  
15          All of those numbers are a maximum of five  
16          percent. We didn't go with anything less  
17          than five percent capture rate. And we term  
18          that an inflow, if you will, of, you know,  
19          because there will be those who might prefer  
20          to make a little bit of a longer drive in  
21          order to get to a facility that they like.  
22          But the key in the model is to make sure  
23          that the market shares are not -- the sum of  
24          all market shares are not more than a

1 hundred when we talk and assess every other  
2 operation. That's not depicted in this  
3 presentation. That's really depicted in the  
4 model that I've included -- that we've  
5 included here as part of the packet.

6 COMMISSIONER CAMERON: Excuse me.

7 COMMISSIONER ZUNIGA: Yeah.

8 COMMISSIONER CAMERON: Can I ask a  
9 question?

10 COMMISSIONER ZUNIGA: Yeah.

11 COMMISSIONER CAMERON: When I've seen  
12 these drive times, they're -- they're done  
13 in circles. Are you taking into  
14 consideration the roadways which would then  
15 lead you to these -- this kind of a  
16 configuration?

17 COMMISSIONER ZUNIGA: The short  
18 answer is no, because this is just a  
19 pictorial representation. The -- yes.

20 MR. SCARPELLI: (Inaudible.)

21 CHAIRMAN CROSBY: Right.

22 COMMISSIONER CAMERON: Based on  
23 roadways.

24 CHAIRMAN CROSBY: Based on roads,



1           yeah.

2                   COMMISSIONER CAMERON:   Okay.  That's  
3           -- all right.  Okay.  Thank you.

4                   COMMISSIONER ZUNIGA:   Thank you.  
5           That's why we bring him.  However, the  
6           number that gives us the market share is --  
7           are the numbers depicted in the market  
8           share, in the little white numbers.

9                   COMMISSIONER CAMERON:   Mm-hm.

10                  COMMISSIONER ZUNIGA:   So, and you can  
11           take any one of those, let's say the --  
12           let's take the 25 percent Worcester, Milford  
13           area that we are saying in the -- is --  
14           would be able to be captured by the  
15           Springfield operation, that 25 percent  
16           relates to a number here in the previous  
17           slide -- I'm sorry, in the next slide when  
18           it comes to multiplying the percent of  
19           adults that live in that area and applying  
20           that percentage to the adults times the  
21           gross gaming revenue that can be ascertained  
22           from every adult.

23                  COMMISSIONER MCHUGH:   Can I --

24                  COMMISSIONER ZUNIGA:   Yeah.

1                   COMMISSIONER MCHUGH:  -- can I just  
2                   pause on that for one second.

3                   COMMISSIONER ZUNIGA:  Yeah.

4                   COMMISSIONER MCHUGH:  If we go back  
5                   to the pictorial slide, those numbers aren't  
6                   designed to all add up to a hundred percent,  
7                   right?

8                   COMMISSIONER ZUNIGA:  No.

9                   COMMISSIONER MCHUGH:  That's --  
10                  that's five percent or 20 percent of the  
11                  adults living in the region where the  
12                  percentage figure appears can be expected to  
13                  gamble at this facility.

14                  COMMISSIONER ZUNIGA:  (Nodding.)

15                  COMMISSIONER MCHUGH:  And then you go  
16                  to the next slide and multiply that times  
17                  the number of people in that region, and  
18                  that's what gives you the figures.

19                  CHAIRMAN CROSBY:  I think it's --  
20                  it's the percentage of the gross gaming  
21                  revenue which is in that region.

22                  COMMISSIONER ZUNIGA:  That's right.

23                  COMMISSIONER MCHUGH:  No.

24                  CHAIRMAN CROSBY:  No?

1                   COMMISSIONER ZUNIGA: Well, the  
2 adults applied with the percentage with the  
3 average gross gaming revenue per adult.

4 Actually I --

5                   CHAIRMAN CROSBY: So, the --

6                   COMMISSIONER MCHUGH: Right.

7                   COMMISSIONER ZUNIGA: I should go  
8 back to the -- the slide that I -- that I  
9 skipped, Melissa. And I'm sorry that this  
10 is not very legible for -- to the audience  
11 here. But the start of this calculation is  
12 by -- by looking at the size of the market.  
13 Just the overall number of adults in the  
14 regions that we believe that are within the  
15 90 minute drive, with a little bit of  
16 allowance with -- for -- for the inflow that  
17 I termed. Now, we're going to apply later  
18 on, a \$300.00 to \$350.00 per adult, yearly,  
19 every adult in each one of those regions to  
20 come up with the market size, with the --  
21 with the amount of gross gaming revenue that  
22 could be -- that is up for grabs.

23                   Now, in reality some adults may not  
24 gamble at all. And some adults are going to

1 gamble more than 300 or \$350.00 a year. But  
2 we are -- we are comfortable that modeling  
3 between three to \$350.00 per adult would  
4 give us a great -- gives us an average, a  
5 really good projection of the revenues.

6 CHAIRMAN CROSBY: Let me ask you a  
7 question about that. I'm not sure I can say  
8 this right but -- and articulate this right,  
9 but it seems to me that there are two  
10 factors in this proposal which would suggest  
11 that the amount of money per adult in the  
12 region would be lower than in other  
13 circumstances.

14 One, as you've mentioned, which is  
15 the smoking issue. But two, is this, the  
16 anomaly, you know, the phenomenon here is to  
17 produce a city integrated resort, you know,  
18 with a multitude of amenities, with a  
19 multitude of egress and -- and in and out of  
20 the building, an intended purpose to sort of  
21 share the wealth with other amenities in the  
22 area. And to share time. So, you would --  
23 as opposed to the model that we talked about  
24 in the past where it's just a big box with

1 a very few doors, you know, get people in  
2 there, you don't let them go anyplace else,  
3 or in the case of Foxwoods they don't have  
4 any other place to go other than, you know,  
5 their local retail and shopping. So, have  
6 you discounted, have you done something to  
7 accommodate for those two factors in -- in  
8 the projections that you would use for this  
9 as opposed to something else?

10 COMMISSIONER ZUNIGA: Yes, I'm going  
11 to get to part of that in the next -- in a  
12 slide that's upcoming.

13 CHAIRMAN CROSBY: Okay.

14 COMMISSIONER ZUNIGA: MGM projects  
15 that there will be an economic benefit, a  
16 return from their food and beverage for  
17 example if -- if -- from their -- their  
18 entertainment. Now, some of that by the  
19 way, is, and this is the nature of this  
20 industry, is comped. You know, a large  
21 percentage of that, the details into which I  
22 cannot get into here. But there is -- there  
23 is an economic benefit that comes for the  
24 purposes of return on investment.

1           Are you also talking about what else  
2           may be expended in let's say other  
3           businesses? Because we don't derive, we,  
4           the Commonwealth, do not derive a direct  
5           benefit from that.

6           COMMISSIONER CROSBY: No, I know we  
7           don't. But if the strategy is to be  
8           appealing because you offer a whole range of  
9           amenities and the strategy is proactively to  
10          market those other amenities, to in other  
11          words to share the wealth, to share the out-  
12          of-pocket discretionary dollars that a  
13          couple, or person, or family brings, if  
14          that's the intended strategy, I would think  
15          that necessarily you would have to project  
16          less revenue for you in the casino  
17          essentially on a per person in the  
18          accessible region area. I mean, it just  
19          seems logical.

20          Similarly, if -- if non-smoking is --  
21          is going to be prejudicial, you're going to  
22          lose some percent of the otherwise  
23          projectable GGR in the region. And I just  
24          -- I -- maybe -- maybe I'm missing something

1 here, but it seems to me like those are two  
2 factors that would have you -- would force  
3 the -- the Applicant to push their per  
4 revenue projections per person in the region  
5 down.

6 COMMISSIONER ZUNIGA: Well, that --  
7 that assumes that there's a -- there's a  
8 series some game when it comes to  
9 entertainment dollars if you will. Is that  
10 what you're getting at?

11 CHAIRMAN CROSBY: No, that's not what  
12 I was getting at, but that I suppose would  
13 be one answer. If you -- if you say it's  
14 going to be incremental dollars if rather  
15 somebody's going to come to your facility  
16 they're going to spend the same amount of  
17 time on machine, same amount of gambling  
18 money as they would even if you were off in  
19 the Timbuktu somewhere with nothing else to  
20 do, but you're going to encourage them to go  
21 to other amenities and spend money they  
22 wouldn't have otherwise have spent. I'm not  
23 sure that makes sense, but that would be an  
24 answer. But --

1 COMMISSIONER ZUNIGA: Well, I --

2 COMMISSIONER MCHUGH: Is --

3 COMMISSIONER ZUNIGA: Go ahead.

4 COMMISSIONER MCHUGH: Does that --

5 does that get -- does that impact where the  
6 300 and \$350.00 come from?

7 COMMISSIONER ZUNIGA: Yeah, well, the  
8 -- there's -- I'll ask Rob to -- to help me  
9 out a little bit. But let me --

10 CHAIRMAN CROSBY: Well, he's jumping  
11 up and down, why don't you invite him up  
12 here.

13 COMMISSIONER ZUNIGA: Yeah.

14 MR. SCARPELLI: (Inaudible.)

15 CHAIRMAN CROSBY: Why don't you come  
16 to a mike, here.

17 COMMISSIONER ZUNIGA: Why don't you  
18 come over, Rob.

19 MR. SCARPELLI: Chairman Crosby --

20 COMMISSIONER ZUNIGA: Go ahead.

21 COMMISSIONER MCHUGH: I think it's  
22 on.

23 MR. SCARPELLI: Is it on?

24 COMMISSIONER MCHUGH: Yeah.



1           MR. SCARPELLI: I'll answer your last  
2 question first. The smoking issue with  
3 Connecticut is, where that gets factored in  
4 is market share. So, in other words,  
5 Connecticut will be able to get more  
6 business from Massachusetts because it has  
7 an advantage. So, that's -- sort of deals  
8 with the smoking issue.

9           The other issue --

10          CHAIRMAN CROSBY: Wait a second. So,  
11 how is that factored into your projections  
12 for the revenues that will be generated by  
13 MGM?

14          MR. SCARPELLI: They'll be able to  
15 capture a smaller market share from each  
16 individual market because people will go  
17 down to Connecticut, or Rhode Island for  
18 that. So, there are -- they're factored  
19 into the market shares.

20          CHAIRMAN CROSBY: So, if -- you're  
21 seeing this 80 percent number, for example  
22 --

23          COMMISSIONER ZUNIGA: Yes.

24          MR. SCARPELLI: Yes.



1 people, so the dollars end up being higher.  
2 So, in -- it's already factored into the  
3 three to 350 spending level, that's already  
4 in there.

5 COMMISSIONER ZUNIGA: There's --  
6 there's another trend going on which --  
7 which MGM, you know, we will be not -- very  
8 up front about saying, their gaming dollars  
9 versus their non-gaming dollars have been  
10 trending to be flipping.

11 CHAIRMAN CROSBY: Right. As the  
12 whole world has been.

13 COMMISSIONER ZUNIGA: That's the  
14 whole point about, you know, being an  
15 entertainment, fully integrated, as opposed  
16 to the very old model of only gaming, give  
17 away everything else just to keep them --  
18 keep people gambling.

19 CHAIRMAN CROSBY: So, what -- so,  
20 what would those numbers be? What would  
21 that 80 percent be if it weren't for the  
22 fact that they are going to attract more  
23 people?

24 MR. SCARPELLI: I've seen market

1 shares up to close to 90 percent, but not  
2 really past 90 percent as -- as fully  
3 penetrated.

4 CHAIRMAN CROSBY: In the -- without  
5 the cigarette problem?

6 MR. SCARPELLI: Well, no, it's not --  
7 no, I've seen it as high as 90 percent in a  
8 local area that people have to travel a lot  
9 further to go to a another casino from that.  
10 In this case, whatever, here, smoking is  
11 going to impact MGM's ability but at the  
12 same time they're offering something a tad  
13 different than what's available when you get  
14 inside Connecticut. So, we just project  
15 that we believe they could probably achieve  
16 an 80 percent market share in its own local  
17 area in north east of -- sorry, north west  
18 of the Springfield area.

19 COMMISSIONER ZUNIGA: Now, there's --  
20 there's a whole other approach that -- that  
21 we compared against, which is the spectrum  
22 report that you might remember from 2010.  
23 It was originally done in 2008, updated in  
24 2010. It is included and referenced in the

1 packets here. An approach would be to take  
2 all of the adults and discount them by the  
3 amount of or propensity of those adults to  
4 gambling. That -- that is done with the  
5 help of a Harrah survey that is done  
6 annually.

7 MR. SCARPELLI: Correct.

8 COMMISSIONER ZUNIGA: That number  
9 hovers around 30 percent. You could take  
10 the total number of adults, discount them to  
11 30 percent because those that -- that are --  
12 that have the propensity to gamble, then  
13 look at the number of visitations per year,  
14 also from the Harrah survey and that -- that  
15 number hovers around 6.7 if I don't -- if I  
16 remember correctly. So, when you multiply  
17 that 30 percent times the 6.7, times the  
18 dollars that are spent per visitation, and  
19 quite honestly you come out to about 350,  
20 between 300 and 350 per adult in the market  
21 area.

22 The prior -- the alternative approach  
23 that I'm talking about really does take into  
24 account drive time as well. There's these

1 gravity models that can be done with the  
2 assumption that you can take -- that anybody  
3 would be indifferent as long as the drive  
4 time -- between two facilities as long as  
5 the drive time takes the -- takes the same.  
6 But those models inherently also have, you  
7 know, the individual preferences usually  
8 matter as well. They are only an  
9 approximation. And I can tell you  
10 anecdotally that -- that gravity modeling is  
11 -- is often used in the retail market  
12 assessments, you know, to site grocery  
13 stores and gas stations, and etcetera. You  
14 can come up with one example of your own in  
15 which you drive a little bit more to get to  
16 the store that you really like, not the one  
17 that -- that you always -- that's always  
18 near. You might end up going there at  
19 times, but -- but not always.

20 So, there's -- there's a lot of  
21 arguments against either one of approaches.  
22 In the end they both get to about the same  
23 number, and we're comfortable that they are  
24 reasonable. But that is ultimately how we,

1           you know, how we do the market assessment.

2                   CHAIRMAN CROSBY:   Okay.

3                   COMMISSIONER STEBBINS:  Did you have  
4           any -- do any deliberations or consideration  
5           on the proposed New York casinos?  I mean,  
6           they're somewhat smaller in size but they're  
7           just some being talked about in just some of  
8           those outlying areas.  Are the percentages  
9           just too small to --

10                   COMMISSIONER ZUNIGA:  Yeah, well,  
11           it's -- it's a double-edged sword a little  
12           bit from -- from this perspective.  There  
13           could be, in the end, some people from  
14           Connecticut and Massachusetts currently up  
15           for grabs that may decide to go to the New  
16           York facilities when they -- when they open.  
17           But they're a little further away.  The ones  
18           proposed are closer to New York City, in  
19           Orange County.  And that's not even within  
20           the 90 minute drive time here.  The one that  
21           could be, you know, of most relevance of the  
22           discussion in Springfield is if they ever  
23           build something in the Albany area.  They're  
24           proposing something in Saratoga.  They have

1           their own local issues there. So, you know,  
2           that -- that could be. But it cuts both  
3           ways because if there's -- if there can be  
4           people going from here to there, there can  
5           also be people coming from there to here.  
6           And -- and that's the point about, you know,  
7           differentiating yourself, having a plethora  
8           of options in terms of entertainment might  
9           be a really good marketing advantage. The  
10          experience may be quite different. Maybe  
11          somebody would prefer to go to an urban  
12          redeveloped city as opposed to something  
13          different, quite frankly. And so, it -- it,  
14          you know --

15                    COMMISSIONER STEBBINS: Okay.

16                    COMMISSIONER ZUNIGA: -- that's --  
17          that's that.

18                    COMMISSIONER STEBBINS: That answers.

19                    MR. SCARPELLI: I would add two  
20          points, Commissioner Stebbins. We did look  
21          at MGM's, at the time of the base market  
22          assessment we did not know enough about what  
23          was going on in New York, tax rates and size  
24          of buildings. We did look at where MGM



1 expected to get dollars from, so they're,  
2 and actually it's blacked out, I just double  
3 checked. We -- so, we looked at the amount  
4 of business they were going to generate from  
5 beyond sort of the western border of the  
6 defined market area is very reasonable, it's  
7 not a huge amount --

8 COMMISSIONER STEBBINS: Okay.

9 MR. SCARPELLI: -- from that. The --  
10 with New York facilities opening up, you  
11 know, essentially MGM will be in a even  
12 heightened competitive market. But they're  
13 used to be -- they're used to operating in  
14 competitive markets. So, we don't view that  
15 as being an issue from the market  
16 perspective.

17 COMMISSIONER STEBBINS: Okay. Thank  
18 you.

19 COMMISSIONER ZUNIGA: I'll get into  
20 a couple of other competitive advantages  
21 that -- that they have that, you know, in  
22 the next few slides.

23 Chairman, you were asking a question  
24 that is relevant in the -- in slide number

1 36, and I'll speak to that in a few minutes.

2 So --

3 CHAIRMAN CROSBY: Okay.

4 COMMISSIONER ZUNIGA: -- we'll get to  
5 the notion of --

6 CHAIRMAN CROSBY: All right. Thank  
7 you.

8 COMMISSIONER ZUNIGA: -- just -- not  
9 just relying on gaming dollars by  
10 themselves, but how else can they derive  
11 revenues and support their return on their  
12 investment. And that's depicted later on.

13 CHAIRMAN CROSBY: Okay.

14 COMMISSIONER ZUNIGA: So, let's just  
15 go back for a minute to the -- to page 31.  
16 And at this juncture, I -- we were outlining  
17 the total number of adults in the -- in the  
18 market in both the Massachusetts market and  
19 the neighboring states that we see relevant.  
20 You know, some in New Hampshire, and -- and  
21 all of Rhode Island and Connecticut. We  
22 have the number of adults in those areas and  
23 we come up with a range if we take a \$300.00  
24 per adult per year and multiply that by the

1 number of adults, or if we get 350 which is  
2 what's depicted in this table, and multiply  
3 that by the number of adults, we get a range  
4 of the potential market size overall of the  
5 -- here.

6 COMMISSIONER MCHUGH: So, can I just  
7 come back to the question that I asked a  
8 minute ago to make sure I understand this.  
9 If you go down, for example, to Leominster,  
10 in the chart you looking at right now,  
11 right? Right below suburban southern  
12 Massachusetts, the next line is Leominster.

13 CHAIRMAN CROSBY: Yeah.

14 COMMISSIONER MCHUGH: Right?

15 COMMISSIONER ZUNIGA: Suburban  
16 central.

17 COMMISSIONER MCHUGH: Suburban  
18 southern.

19 COMMISSIONER ZUNIGA: Yes.

20 COMMISSIONER MCHUGH: Right?

21 COMMISSIONER ZUNIGA: Yes, yes.

22 COMMISSIONER MCHUGH: So, it's got  
23 forty -- at \$300.00 it's got a total -- the  
24 total market gross gaming revenue would be

1 \$45,000,000.00 roughly?

2 COMMISSIONER ZUNIGA: Yes.

3 COMMISSIONER MCHUGH: Right. And  
4 then if you look at the slide, the next  
5 slide says you get 25 percent of that.

6 COMMISSIONER ZUNIGA: Yes.

7 COMMISSIONER MCHUGH: And that's the  
8 -- so, you take 25 percent of the 45,000,000  
9 and that's what this projection would show  
10 MGM could --

11 COMMISSIONER ZUNIGA: Could capture.

12 COMMISSIONER MCHUGH: -- expect to  
13 get from that region; is that how that  
14 works?

15 COMMISSIONER ZUNIGA: That's correct.

16 COMMISSIONER MCHUGH: Okay. Got it.

17 Thanks.

18 COMMISSIONER ZUNIGA: And you  
19 multiply -- and -- and we do it by range.  
20 We do the 300 and the 350.

21 COMMISSIONER MCHUGH: Right.

22 COMMISSIONER ZUNIGA: And we --

23 COMMISSIONER MCHUGH: Right. I  
24 understand there are two different results.

1                   COMMISSIONER ZUNIGA: Yeah.

2                   COMMISSIONER MCHUGH: But that's how  
3 you do it.

4                   COMMISSIONER ZUNIGA: Yes.

5                   COMMISSIONER MCHUGH: Okay. Got it.

6                   COMMISSIONER ZUNIGA: Yeah. Now,  
7 just to keep on that region, Leominster, 25  
8 percent we think is reasonable because  
9 people in -- in that area have a very  
10 reasonable option to go to Rhode Island,  
11 which is a straight shot --

12                  COMMISSIONER MCHUGH: Right.

13                  COMMISSIONER ZUNIGA: -- on 190, or  
14 to go to Boston once there is a casino  
15 there.

16                  COMMISSIONER MCHUGH: Right.

17                  COMMISSIONER ZUNIGA: So, the -- my  
18 point about making sure that that hundred --  
19 that that -- that those market shares were  
20 never over a hundred percent was to make  
21 sure that whenever we do the market  
22 assessment for Boston and whatever we can  
23 attribute by research and other means to  
24 Rhode Island or elsewhere, does not -- is

1 not more than a hundred percent.

2 COMMISSIONER MCHUGH: Right, right.

3 COMMISSIONER ZUNIGA: Otherwise we  
4 would be double counting or overestimating  
5 the market share.

6 COMMISSIONER MCHUGH: Got it. Thank  
7 you.

8 COMMISSIONER ZUNIGA: So, and this,  
9 by the way, has been corroborated with --  
10 with some of the other studies that -- that  
11 we know have been done, not just the  
12 spectrum reports. Clive Barrow has had  
13 presentations relative to this market size.  
14 You know, he -- he conducts a license plate  
15 survey that's another -- yet another way to  
16 try to determine how some of these -- some  
17 of the visitations to these -- to these  
18 facilities. But they're -- they're in line  
19 with -- with the market size.

20 So, the next, essentially we already  
21 discussed this. This is applying the market  
22 shares to the gross gaming revenue ranges.  
23 And that would give us a market, total  
24 market capture in terms of gross gaming

1 revenues for the facility here in  
2 Springfield that would be in our opinion  
3 between 416 and \$485,000,000.00 a year.

4 Now, I will -- I will continue to  
5 emphasize I have not shown the, because we  
6 will be having those discussions in the next  
7 few months, the revenue projections or  
8 market assessment for the Category 1  
9 Applicants in Region A. But that -- that's  
10 just another piece of the same model here on  
11 the -- of the same -- of the same study.

12 To a great degree we already talked  
13 about the methodology and the revenue  
14 projections. An important thing to  
15 highlight out of here is that there's a  
16 ramp-up period. There's initial  
17 projections. We recognize year three to be  
18 the normalized year at which all these  
19 gaming revenues can be attained. There's a  
20 lot of marketing effort that goes at the  
21 forefront, even prior to the opening of a  
22 facility. But -- but the real business  
23 comes from looking at a stabilized year, and  
24 we deemed that to be year three.

1           I mentioned before, this term inflow.  
2           We are by no way discounting people who will  
3           make a trip that is more than 90 minutes.  
4           They will of course also, if -- if they  
5           travel more than 90 minutes, even more than  
6           two hours, they already have options  
7           elsewhere. But we -- we termed that to be  
8           inflow. That is usually, there's also a  
9           rule of thumb percentage hovering around 12  
10          or 15 percent. Rob, remind me, what was  
11          that number?

12                 MR. SCARPELLI: 10 to 20 percent for  
13          a region of this size of scope would be  
14          typical.

15                 COMMISSIONER ZUNIGA: Yeah. Right.  
16          10 to 20 percent, so there's -- there's an  
17          allowance, if you will. I don't want to  
18          call it a margin of error, but really an  
19          allowance for. There will be and we can  
20          really expect people from outside of the  
21          market area to come and -- and visit this  
22          facility. That's the whole purpose of  
23          generating something that can attract people  
24          from far away.



1                   CHAIRMAN CROSBY:  So, these numbers,  
2                   if this is right, these numbers are low by  
3                   10 to 20 percent.

4                   COMMISSIONER ZUNIGA:  That's right.  
5                   That's the point.  This, we believe is a  
6                   conservative approach.  If they make more,  
7                   we -- we test the -- our projections with  
8                   their projections.  You're going to get to  
9                   see in a few minutes that we are very  
10                  comfortable with that.  But the reality is  
11                  that they will likely get more revenue from  
12                  outside of the market area because something  
13                  of this size and scope is likely going to  
14                  attract people from further away.

15                  The Applicant's projection is  
16                  redacted.  I think it suffice to say that  
17                  we're comparable with our own market  
18                  assessment, that they are in line with what  
19                  we project even without taking into account  
20                  the inflow number that I just talked about.

21                  Next slide please, Melissa.

22                  Similarly, we -- we have to redact this, the  
23                  numbers that break out the amount of revenue  
24                  that is -- that MGM expects to derive from

1           each of their product offerings.  But -- and  
2           this is, Mr. Chairman, what you were talking  
3           about.  There's -- there's a real number  
4           that is really good and valuable for the  
5           return of the investment here that comes  
6           from, you know, people coming and getting,  
7           you know, visiting other areas, etcetera.  
8           But we -- we don't -- we're generally  
9           comforted that the projections that we come  
10          up with are in line with the projections  
11          that they state.

12                         Any questions on that?

13                         COMMISSIONER CAMERON:  (Nodding.)

14                         COMMISSIONER ZUNIGA:  So, as part of  
15          the statement of findings we believe and are  
16          comfortable that MGM's projections are  
17          consistent with HLT's market assessment.  
18          Further, the inflow estimates or the gaming  
19          dollars that could come from out of the  
20          market areas as we have defined it are  
21          consistent with their marketing programs.  
22          They expect to have visitation to the  
23          Springfield area from other areas, not just  
24          New England.  And -- and we believe that to

1 be positive and in line with our own  
2 expectations.

3 As a result, we rate this very good.  
4 Their year three normalized gross gaming  
5 revenues net of free play are likely with  
6 what could be expected from the market of  
7 this size and of this configuration.

8 Furthermore, they are also consistent  
9 with the marketing programs that the  
10 Applicant has submitted. And I'll speak a  
11 little bit more about that in a few minutes.

12 Any questions or breaks? Keep -- you  
13 know, should we keep going?

14 CHAIRMAN CROSBY: Yeah.

15 COMMISSIONER ZUNIGA: The last  
16 section from the finance and operations is  
17 the operations plan. The focus here was to  
18 look at the reasonableness of what they  
19 propose in terms of operation, marketing and  
20 -- and the gaming environment.

21 One key area for our -- from our  
22 perspective is their -- the Applicant and  
23 their standing of internal controls.  
24 There's a number of questions with -- that

1 deal with that. But also the consistency of  
2 the business plan, their marketing plan and  
3 operations plan, and how that relates to and  
4 translates into their financial projections.  
5 So, we're doing the double test. We -- the  
6 Applicant had to submit a detailed plan in  
7 all these areas, marketing, operations,  
8 etcetera. And they -- while -- they also  
9 had to submit their own projections. We're  
10 testing that they -- they jive with each  
11 other, and that really provides us with a  
12 comfort level that they know what they're  
13 talking about, and that they are reasonable  
14 projections and expectations.

15 So, on the subcriteria number one is  
16 their internal controls, and this we looked  
17 a lot, you might remember, as part of a  
18 suitability determination. But they  
19 operate, they have a large, large operation  
20 with many operations. They operate in four  
21 jurisdictions, notably Nevada, Mississippi,  
22 Michigan and Macau. They have submitted --  
23 we reviewed their internal control manuals  
24 and we also looked at the history of the

1 Applicant experience with other gaming  
2 regulation -- regulators.

3 Our rating in this arena is one of  
4 outstanding. They -- they have a large  
5 operation. I was getting to this. Their  
6 model is heavily based on the Nevada, they  
7 treat Nevada as the benchmark. And that's  
8 for a good reason. They have the bulk of  
9 the North American operations there really.  
10 But they do recognize the importance of  
11 internal controls and have significant  
12 corporate experience working in a highly  
13 regulated environment.

14 So, criteria number two is their  
15 business plan and their financial  
16 projections. We have reviewed and assessed  
17 key components of the business plan. We'll  
18 get into that in the next few slides, their  
19 slots product, their marketing plan, how  
20 they propose to market the property, the  
21 product offering, food and beverage range of  
22 options. As well as how that reflects in  
23 what they propose in terms of budget and  
24 projections to make sure that they are

1 reasonable and consistent with the local  
2 market.

3           Some of the sources here really are  
4 all questions in the finance section but  
5 there's also questions in the application  
6 elsewhere that we look at to -- when we do  
7 the test of their consistency.

8           These are only the highlights of  
9 those -- of those tests. There is a lot  
10 more detail as you have already seen as part  
11 of the packet and -- and in the appendices  
12 here. But they have a parking plan that we  
13 talked about already that is -- that is very  
14 much inconsistent with -- consistent with  
15 what is expected of the industry, free of  
16 charge, easy access, multiple points and at  
17 least more than one to one when it comes to  
18 a parking space per gaming position.

19           They also -- they also have, by the  
20 way, as part of their operations, they could  
21 have employees park at the top level, which  
22 is also very much in line with what they do  
23 elsewhere. And if needed, or at certain  
24 time depending on demand and -- and

1           visitation, they could have off-site parking  
2           for employees, conduct shuttle buses and  
3           then free up a significant number of spaces  
4           for customers, which is, you know, also a  
5           very good -- a very good plan.

6                     The Applicant has also proposed a  
7           very detailed product plan. After reading  
8           some of these product plans I am doing some  
9           of the site visits that I've done of my own.  
10          It's interesting to see that it's very much  
11          in line with what is elsewhere. A lot of  
12          machines now with multiple games, games at  
13          one cent, but -- but multiple options for  
14          betting.

15                    There is a very reasonable mix in  
16          terms of lease games versus games that they  
17          will buy. I -- I won't get into the details  
18          of that, but that's -- that's the way for  
19          the Applicant to be able to offer fresh  
20          product. But also do it at a cost-effective  
21          way so they're -- the operator is always  
22          trying to figure out what game is providing  
23          most visitation, or interest, or demand.  
24          All of that is outlined to our satisfaction

1 in their slot product plan.

2 They, of course, have tremendous  
3 experience in purchasing when it comes to  
4 all of those products. So, they have a  
5 significant corporate advantage when -- when  
6 it comes to procuring that.

7 Similarly with the table product  
8 plan, there's a -- there's a good mix and  
9 diversity of games, including some, not many  
10 but, you know, we believe that could be  
11 games that attract different ethnicities for  
12 example. That could also be part of how  
13 they figure the market as they -- they might  
14 change that, which is -- which is great, as  
15 they figure what the demand in the market  
16 is.

17 I mentioned the hotel in my previous  
18 remarks. The average daily rate seems  
19 reasonable with the nearby hotels. Likewise  
20 when it comes to the occupancy. This  
21 occupancy, by the way, in the hospitality  
22 industry would seem very high, but in the  
23 casino industry which is also hospitality  
24 industry, is in line with what could be



1 expected because a big portion of that  
2 occupancy is going to be comped, you know,  
3 even towards the later part of -- of the  
4 day. So, there's a lot that the -- that the  
5 operator likes to reserve for their -- for  
6 their best customers. And we see that to be  
7 in line with what could be expected.

8 Food and beverage plan is also great  
9 when it comes to having a wide mix of  
10 product offerings. Different price points,  
11 different environment, which is again  
12 something that is very good from a appeal to  
13 different -- a wide variety of customers.

14 Moving on, the retail plan is also  
15 very reasonable. I remember from comments  
16 to this Commission that there is a lot of  
17 residents that feel that this would really  
18 add vibrancy to the downtown. There is  
19 currently no cinema or bowling alley in  
20 downtown Springfield. The -- the retail  
21 around the open plaza is also very appealing  
22 when it comes to the product offering. And  
23 from our perspective, the fact that they own  
24 and operate a lot of those retail operations

1 is really good from -- from an operational  
2 standpoint.

3 Their marketing plan is very  
4 detailed. They include a very, very large  
5 loyalty program, very recognized, the M-  
6 Life. They have a lot of customers. That's  
7 redacted there, but there are are a lot of  
8 customers within 100 miles. There is --  
9 there is a 90 minute drive there again of  
10 Springfield. So, that, we believe to be a  
11 significant competitive advantage they could  
12 really derive out of the customers that  
13 already exist in their -- in their database.

14 Questions from that, or --

15 COMMISSIONER MCHUGH: Why -- why is  
16 the fact that they own the retail better  
17 than them leasing it?

18 COMMISSIONER ZUNIGA: They can  
19 control it. They can meet demand. We  
20 wouldn't want them to have a -- gaming  
21 customers say in the middle of the evening  
22 who is turned off because there's no more  
23 product, there's no more food and beverage  
24 because the food and beverage operator

1 decides that they don't want to stay open 24  
2 hours for example. So, it's -- it's an  
3 amenity, it's a complement to the gaming  
4 operations. Now, they could very well  
5 decide that it's not cost-effective to stay  
6 open past midnight, but it's something that  
7 they can control. It's their discretion.

8 COMMISSIONER MCHUGH: Can't they  
9 control it through -- through a lease?

10 CHAIRMAN CROSBY: Sure.

11 COMMISSIONER ZUNIGA: I suppose. But  
12 -- but, you know, we just -- we just view it  
13 as a -- as a positive.

14 COMMISSIONER MCHUGH: As a positive,  
15 okay. Got it.

16 COMMISSIONER ZUNIGA: They -- it's,  
17 you know, it's -- it's -- it could be  
18 implemented elsewhere, and in fact it has.

19 COMMISSIONER MCHUGH: Right.

20 COMMISSIONER ZUNIGA: And it would  
21 just be a different -- a different model.

22 COMMISSIONER MCHUGH: Right.

23 COMMISSIONER ZUNIGA: But we just  
24 believe that to be -- to be positive.

1                   COMMISSIONER MCHUGH:   Okay.

2                   COMMISSIONER ZUNIGA:   Certainly from  
3                   the outset by the way.

4                   COMMISSIONER MCHUGH:   All right.

5                   COMMISSIONER ZUNIGA:   Did you have a  
6                   point that you -- would you expound on that,  
7                   Rob?

8                   MR. SCARPELLI:   Certain -- certain  
9                   casino operators will use different things  
10                  to drive their business.  MGM is using the  
11                  food and beverage to drive that local market  
12                  content.  So, any operator is going to want  
13                  to control the key elements of their  
14                  marketing plan, and what they're going to  
15                  use to offer to the market.  And MGM is  
16                  using that food and beverage.  That is not  
17                  to say there won't be other food and  
18                  beverage in and around the site, but their  
19                  core of food and beverage offering, they're  
20                  controlling because they're using that as  
21                  their -- as their marketing pitch to  
22                  penetrate the market.

23                  COMMISSIONER MCHUGH:   Thanks.

24                  COMMISSIONER ZUNIGA:   They could

1 offer comps to their food and beverage --

2 COMMISSIONER MCHUGH: Yeah.

3 COMMISSIONER ZUNIGA: -- to their  
4 best customers and that's a way to get them  
5 to come back for example.

6 So, overall, we believe their  
7 business plan and financial projection, and  
8 more importantly the detailed product when  
9 it comes to slots, table, food and beverage  
10 and all the other amenities that -- that are  
11 required, needed in our view to support the  
12 gaming operation is very much in line with  
13 what is typically employed in the -- in the  
14 casino, in the North American casino. And  
15 that is very positive.

16 In this case they have a very  
17 significant added value, and that is the  
18 access to a very large number of M-Life  
19 customers within a hundred miles of  
20 Springfield.

21 Overall, their financial and when it  
22 comes to criteria -- did we skip one? Is  
23 that 47? Their financial projections are  
24 consistent with the -- with the market

1 expectations and we are rating those to be  
2 very good.

3 So, the aggregate ratings of the four  
4 criteria that we formulated in the financial  
5 section are a straight very good, with --  
6 with an outstanding element when it comes to  
7 the investment plan as depicted in the slide  
8 here on the screen.

9 And the roll-up of those four, in the  
10 next slide, Melissa, is a solid very good  
11 with, I would add, outstanding elements.

12 And I will read this into the record.  
13 We believe MGM has demonstrated that they  
14 have the financial capabilities and direct  
15 access to funds required to develop and  
16 operate a successful Category 1 facility.  
17 Their submission demonstrated they fully  
18 understand the current and future  
19 Massachusetts competitive marketplace. This  
20 understanding is reflected in the  
21 consistency or alignment between their  
22 investment market and operations plans as  
23 submitted. Individually their investment  
24 market and operations plan -- plans are well

1 thought out and support the urban  
2 integration theme of the total development  
3 that they propose.

4 Now, while there are many examples of  
5 casinos located in urban environments, the  
6 level of integration that has been  
7 incorporated in the MGM project plan can be  
8 considered ambitious.

9 MGM has acknowledged that their  
10 Springfield plan is complex, entails a level  
11 of integration that has really not been  
12 implemented in the past. And as  
13 Commissioner McHugh expressed, from a  
14 different side, this plan may require  
15 modifications as it advances through the  
16 development process. And as those -- as  
17 that development evolves, there may be  
18 changes or modifications with regard to  
19 potential impacts or even operational  
20 results. For example, the appeal of the  
21 broader side to attract potential customers  
22 and the ability of the site to -- to  
23 accommodate the visitor volumes. And some  
24 appropriate responses developed and

1 implemented may be required but overall  
2 MGM's proposal is very good and in argue  
3 includes some really outstanding elements.

4 I can take questions.

5 COMMISSIONER MCHUGH: Great. Thank  
6 you very much.

7 CHAIRMAN CROSBY: Anybody else,  
8 questions?

9 COMMISSIONER MCHUGH: No.

10 CHAIRMAN CROSBY: All right.

11 COMMISSIONER ZUNIGA: I'll read again  
12 for the record that there's a lot of detail  
13 as part of the packets, that this is -- this  
14 is merely a summary. So --

15 COMMISSIONER CAMERON: Very well  
16 done.

17 COMMISSIONER MCHUGH: Yeah.

18 CHAIRMAN CROSBY: I plan to pour over  
19 it tonight at length.

20 COMMISSIONER ZUNIGA: I'm sorry?

21 CHAIRMAN CROSBY: I plan to pour over  
22 it at length tonight.

23 COMMISSIONER ZUNIGA: Okay. I  
24 thought you had already done it.



1                   CHAIRMAN CROSBY: All right. Let's  
2 take a brief break. Back in a few minutes  
3 for Commissioner Cameron.

4  
5 (A recess was taken)

6  
7                   CHAIRMAN CROSBY: We are ready to  
8 reconvene for the evaluation report on  
9 mitigation from Commissioner Cameron.

10                  COMMISSIONER CAMERON: Good  
11 afternoon, everyone.

12                  COMMISSIONER MCHUGH: Good afternoon.

13                  COMMISSIONER CAMERON: I'll be really  
14 loud, maybe that way I'll keep you awake.  
15 What do you think?

16                  CHAIRMAN CROSBY: That would be  
17 great.

18                  COMMISSIONER CAMERON: Okay. So,  
19 mitigation is the category. And the first  
20 thing we did is define it because, you know,  
21 it could mean a lot of different things,  
22 right.

23                  So, with regard to this Applicant  
24 mitigation is how the Applicant demonstrates

1 community support, how they mitigate any  
2 impacts with the host and surrounding  
3 community, how do they address traffic and  
4 transportation issues, how do they promote  
5 responsible gaming and address problem  
6 gambling, and finally an important piece is  
7 to protect and enhance the Lottery.

8 Okay. Our methodology, so, first  
9 thing we did was we took the questions, the  
10 38 questions and grouped them into four  
11 criteria, the first being community support.

12 And what that includes is the host  
13 community agreements, the surrounding  
14 community agreements as well as all of the  
15 impacted live entertainment venues, the  
16 ILEVs. The next grouping is traffic and  
17 off-site impacts. Third is the measures to  
18 promote responsible gaming and to mitigate  
19 the problem gambling. And again, the last  
20 is protect and enhance the Lottery.

21 We did do this in terms of what we  
22 thought was significant, you know, community  
23 support is really, important. People's  
24 voices need to be heard. Certainly traffic

1 and other impacts need to be mitigated. But  
2 -- but really all four of them are  
3 important.

4 So, when I look at an issue, I --  
5 this is, you know, my background. This is  
6 what works best for me, the who, what, when,  
7 where, and why. So, I looked at this  
8 evaluation in that manner.

9 And the who, our consultants and  
10 subject matter experts; the what, all the  
11 materials that we reviewed; the when, this  
12 review process began December 31st when that  
13 application was due. And then we'll talk  
14 more about the milestones in between.  
15 Certainly the where is Springfield, very  
16 competitive out here in the west. But down  
17 to one Applicant, and that is right here in  
18 Springfield. And the why, we just  
19 mentioned, mitigation is really important to  
20 communities.

21 My fellow commissioners talked about  
22 this at length. We are all using the same  
23 rating, so I will not read these again. The  
24 only thing that's important here for

1 mitigation is many of our questions were  
2 what we -- what we refer to as check the  
3 box. They gave us the required information.  
4 They agreed to comply with regulations. So,  
5 that is part of our sufficient rating, and  
6 it does say that provides the required or  
7 requested information. So, that's important  
8 to our category.

9 My team of advisors, I really enjoyed  
10 working with this team. It's -- it's a fun  
11 group. They are not afraid to share their  
12 opinions. And they've done a lot of  
13 research in areas that I do not have  
14 expertise. So, I really want to thank them  
15 and just make note of them here.

16 Mark Vander Linden from our  
17 commission. He's our director of research  
18 and problem gambling. He worked with Dr.  
19 Jeff Marotta. We've all met Jeff at a  
20 couple of the conferences, a real expert,  
21 and has his own company, Problem Gambling  
22 Solutions.

23 Gordon Carr M -- GMC, all of these  
24 acronyms start to run together. GMC

1 Strategies. Gordon is, first of all, a  
2 very, very funny guy. He's not here, he'll  
3 be -- he'll be -- he'll turn red in the  
4 face, right, for saying that, but he really  
5 is funny. He's also a real expert in  
6 economic development and project management.  
7 A real asset to the team.

8 Green International, my traffic  
9 experts. Frank Tramontozzi, Wing Wong,  
10 Jason Sobel, all just excellent members of  
11 the team and really valuable.

12 City -- City Point Partners, Rick  
13 Moore. Rick really helped us with  
14 environmental issues, which probably will be  
15 new -- more important the next time out.  
16 But very valuable.

17 Kathleen O'Toole, one of our gaming  
18 consultants, just real commonsense expertise  
19 in public safety.

20 And certainly the Pinck and Company  
21 members, Nancy Stack and Melissa Martinez --  
22 Martinez were invaluable. I just was  
23 kidding Melissa that her wrist is going to  
24 be sore from using that PowerPoint all day

1 long.

2 Okay. What materials did we review  
3 for this application. Certainly the  
4 Category 1 application, the input from all  
5 the public meetings and hearings, the  
6 Applicant presentations to the Commission,  
7 environmental documents, all the public  
8 comments, letters, e-mails, and then the  
9 site visits were invaluable made by  
10 commissioners as well as some of the subject  
11 matter experts, not only the proposed  
12 location but current MGC facilities. I know  
13 I had a six hour tour in Las Vegas. I'm  
14 glad I had comfortable shoes on, but very,  
15 very valuable. And also, web search --  
16 website research was conducted also.

17 When we talk about environmental  
18 documents, again that's the MEPA, the Mass  
19 Environmental Protection Agency draft,  
20 environmental impact report. We're talking  
21 about traffic impact and access studies and  
22 the regional planning agencies.

23 So, the when, I just mentioned that  
24 December 31st those applications were due

1 for everyone. We started our evaluation  
2 process then. January 22nd, the Applicant  
3 presentations. March 3rd, the surrounding  
4 community; April 1st, community hearing up  
5 here; April, some of the site visits were --  
6 were conducted; May 14th we had an  
7 additional hearing here and we closed that  
8 host community hearing. May 21st and 22nd  
9 there were additional site visits by  
10 commissioners. And here we are up here in  
11 the middle of June with our presentation and  
12 findings. So, an awful lot of work was into  
13 this, and that doesn't include the weekly  
14 meetings we had with our evaluation team  
15 really looking at this.

16 Where, this is in green. We're  
17 looking at the whole western region. In red  
18 is the city of Springfield, the host  
19 community. And in the blue color, it's  
20 difficult to see I realize, but those are  
21 all the surrounding communities.

22 So, these are four different  
23 depictions of this project, the proposed  
24 facility, just from four different angles.

1 We saw a lot of this in sight and design.  
2 Again, it's an outward looking project, well  
3 integrated into the community. Multiple  
4 points of access and taking -- takes into  
5 consideration the non-gaming amenities that  
6 currently do not exist in Springfield, and  
7 those have been talked about as well. And  
8 also coordinates very well with the existing  
9 facilities here in the city of Springfield.

10 Just a couple of comments on why it  
11 is important that voices need to be hear --  
12 to be heard. Transportation issues are a  
13 concern to the general public. The  
14 Applicant has a key role in promoting  
15 responsible gaming, and it really is  
16 important to protect and enhance the Lottery  
17 revenues.

18 So, community support. This is a  
19 photo from Mr. Mathis. You may see yourself  
20 in the photo, from up here in -- in  
21 Springfield.

22 CHAIRMAN CROSBY: Could be worse.

23 COMMISSIONER CAMERON: Again, we  
24 mentioned earlier we grouped community



1 support, and we're talking about mitigation  
2 related content of the host community  
3 agreements, the host community agreement  
4 election related materials, public support  
5 and public outreach, surrounding communities  
6 and the ILEVs all incorporated to this.  
7 Community support was the -- was the  
8 largest, again public support really  
9 significant to -- to this evaluation.

10 And we'll get right into some of the  
11 ratings. And when we talk about the host  
12 community report -- I'm sorry, host  
13 community agreements, it's a very good  
14 rating there. What we didn't do is look at  
15 these host community agreements and rate  
16 them one versus another. We really looked  
17 at -- that was at -- that was something  
18 that's unique to the City and -- and the  
19 Applicant. And what we did was we looked at  
20 all of the elements. And it was a  
21 competitive process here in Springfield.  
22 So, they -- they're -- at one time there  
23 were four Applicants in the city here. So,  
24 they went through a lot of competition early

1 on in this, and were the selected Applicant  
2 to enter into this agreement with the City.

3 The -- just some of the elements of  
4 this host community agreement. It covers  
5 the City's project planning expenses. There  
6 are prepayments on 121A, which is the state  
7 tax agreement. There's 10,000,000 over the  
8 first three years of construction, this  
9 covers ten years. The community impact fee,  
10 \$2.5 million annually, those are -- there's  
11 also escalators in there for gross gaming  
12 revenue. This, what we're talking about  
13 with the community impact fee, some of the  
14 specifics were police, fire, schools, and  
15 other infrastructure costs there.

16 The tax payments under the statutory  
17 agreement, 17.6 million annually to the  
18 City. The community development grant also  
19 a part of this, it's 2.5 million annually.  
20 And this -- these monies will go to early  
21 childhood education, higher education,  
22 library, health impacts, city parking  
23 revenues if needed, and project compliance.  
24 So, really a lot of -- a lot of elements to

1           this. And overall I thought it was a very  
2           good agreement with, you know, the real  
3           commitment to this city.

4                     So, with election related materials,  
5           sufficient. They supplied us with those  
6           documents and they disclosed spending in  
7           excess of \$1.4 million for -- for that  
8           particular, you know, the election related  
9           materials, advertising and contributions.

10                    Community support, an important  
11           piece. These are the ratings themselves.  
12           Public support and outreach, also thought  
13           was very good. Just to kind of talk about  
14           some of the things the Applicant did here in  
15           the City, they -- they had over 137 events,  
16           activities, information sessions, networking  
17           sponsorships, 412 community meetings, 42,000  
18           doors were knocked on, and 61,000 phone  
19           calls made. So, significant effort to reach  
20           out to people and let them know what they  
21           were all about.

22                    The Applicant opened an office here  
23           in Springfield in 2012 to answer questions  
24           for folks, provide information. They

1 received dozens of letters of endorsement,  
2 letters of support from individuals, elected  
3 officials. There was some opposition at the  
4 public forums but it was mixed between  
5 opposing gaming in general and those who  
6 really had some issues with this particular  
7 project. But overall, very strong outreach  
8 and public support. We gave them a very  
9 good rating.

10 So, surrounding communities. Here's  
11 a closer picture of the surrounding  
12 communities here. Again, this is a unique  
13 process to Massachusetts. We are not aware  
14 of any other jurisdiction in which  
15 agreements with surrounding communities are  
16 a mandated part of the process.

17 At the time of the application, the  
18 Applicant had completed their agreements  
19 with East Longmeadow, Agawam, Ludlow,  
20 Wilbraham and Chicopee. After the  
21 application was submitted, they did complete  
22 and reach agreement with Holyoke. And as we  
23 know Longmeadow and West Springfield were  
24 part of the arbitration process, and an

1 agreement was reached through the  
2 arbitration process. So, they did a good  
3 job, sufficient in that area.

4 Just a couple of -- couple of numbers  
5 from those surrounding community agreements.  
6 Nearly \$2,000,000.00 in up front payments in  
7 total to all of the surrounding communities.  
8 An average of 1.4 million per year to the  
9 surrounding communities. These are totals.  
10 Over 21,000,000 in surrounding community  
11 payments over the 15 years of this license.  
12 And that -- that demonstrated a significant  
13 commitment to those surrounding communities.

14 Also, regional venues was a part of  
15 this category, very good rating here.  
16 Really the ILEV strengthens the integrated  
17 urban approach. Most of the agreements were  
18 in cross marketing, not as many ILEVs.  
19 Another -- an impressive piece to this  
20 certainly for us was the MassMutual Center,  
21 Symphony Hall and City Stage, the agreements  
22 to underwrite, co-promote, book, and  
23 schedule 12 shows a year among those three  
24 locations.

1           Also, there's an agreement with the  
2           Mass Performing Arts Coalition. Ten of  
3           those regional members and the Applicant's  
4           project really relies on partnerships with  
5           external entertainment and encourages casino  
6           patrons to frequent those venues. That is  
7           unique, and I know that some of the other  
8           groups have talked about that. But found  
9           all of those -- all of those agreements  
10          impressive. And they have a solid very good  
11          rating there.

12                 So, summary, for the community  
13          support rating, it's a -- it's a very good  
14          rating. The summary of the -- the  
15          referendum itself of 58 percent vote here in  
16          the city of Springfield. Again, I mentioned  
17          there were four other Applicants to begin  
18          with here. A multifaceted outreach effort,  
19          these are just some of the highlights.  
20          Proactive in sharing its plans and seeking  
21          support and feedback.

22                 You know, the partnering and the  
23          local benefits from the other regional and  
24          cultural resources, again public support at

1 the hearings and there was some opposition  
2 as well. And the look back studies were --  
3 were considered here as well. So, the  
4 surrounding community agreements with that  
5 look back, that will actually provide  
6 mitigation for those identified impacts.  
7 So, very good in this area.

8 So, criterion number two, again, a  
9 very important piece of this are the traffic  
10 and off-site impacts. This is a photo of I-  
11 91 adjacent to the casino site. I think  
12 this is somewhat typical. We have some  
13 other photos here. Traffic is just not the  
14 same issue that it will be in the Boston  
15 region.

16 Next, we have -- this is the Memorial  
17 Bridge, across the Connecticut River, close  
18 to the site here -- crosses the Connecticut  
19 River, rather.

20 So, the three pieces of this  
21 grouping, again, we put them into groupings.  
22 The impact assessment and costs, what we're  
23 talking about there is the off-site  
24 infrastructure, utilities, roadways.

1 Traffic management plan, very important to  
2 this. How do you -- how do you minimize the  
3 impacts of added traffic.

4 And other potential impacts. What  
5 we're talking about there is housing, school  
6 population and emergency services. Of these  
7 three, certainly the traffic management is  
8 really the most important. And I'll talk  
9 more about that.

10 CHAIRMAN CROSBY: Were these -- were  
11 one and three impact assessments and costs  
12 and other potential, were they sort of yes,  
13 no or just sufficient, meaning it was just  
14 --

15 COMMISSIONER CAMERON: Oh, no, no,  
16 no. We didn't -- we're going to get to the  
17 ratings and what -- what is real, what our  
18 assessments are with those two categories.  
19 I'm just laying out the categories here.  
20 So, impact assessment and cost, I mean what  
21 -- what that's all about is the Applicant  
22 has said that they will -- they will pay for  
23 those impacts. They will cover those costs.  
24 So, it's a sufficient rating --



1                   CHAIRMAN CROSBY:  Yeah.

2                   COMMISSIONER CAMERON:  -- for the  
3                   Applicant.  They've agreed to cover all of  
4                   those costs.  As far as, you asked about  
5                   other potential impacts that -- and I  
6                   explained that with school, housing, and  
7                   emergency services that's a solid  
8                   sufficient.  Frankly, the Applicant made the  
9                   assertion that there would not be  
10                  significant impact in those three areas.  
11                  We, of course, did our own assessment using  
12                  experts.  And our experts confirmed that.  
13                  That because of the demographics of this  
14                  region, there will not be significant  
15                  impacts to -- to those three areas.

16                  Traffic.  Very good traffic  
17                  management plan.  And we're going to talk  
18                  the most about that because that's a  
19                  differentiator here.

20                  Okay.  This is just the whole region,  
21                  the site itself.  The site has excellent  
22                  regional access to interstate highways and  
23                  local routes.  I mean that's, you know, I'm  
24                  sure that was considered in selecting this

1 site, but it really does have excellent  
2 regional access.

3 When we looked at the traffic  
4 management plan, the key rating factors, the  
5 adequacy of the study area, the existing  
6 transportation systems, the trip generation  
7 and distribution, the identification of the  
8 impacts because of the added traffic and the  
9 mitigation measures proposed by the  
10 Applicant, that's how we took a look at the  
11 traffic management plan.

12 So, first I just mentioned the study  
13 area. These two areas in red are the study  
14 area. Certainly the small square off on the  
15 right upper right corner is the intersection  
16 with the -- with the Turnpike and I-291, the  
17 Mass Pike and I-291. The larger area is  
18 certainly the project site and included in  
19 that are 47 intersections, 47 ramps and 14  
20 weaving areas. That's the merging area --  
21 the merging location onto the highways,  
22 those weaving areas. And our traffic  
23 analysts have determined that the study area  
24 was appropriate for this project.

1           Okay. One of these designs that may  
2           be a little bit hard to follow with arrows,  
3           but this is really to talk about trip  
4           generation and distribution. Now, MGM, they  
5           based their trip generation on the MGA Grand  
6           in Detroit because it's a similar size urban  
7           project. So, that made sense to our traffic  
8           analysts that that was the appropriate way  
9           to move forward with this. The trip  
10          generation rate is .34 trips per gaming  
11          position, that's Friday and Saturday peak.  
12          So, about a third of a -- of a gaming  
13          position there.

14                 Mass DOT is satisfied with the trip  
15          generation rate. Pioneer Valley Planning  
16          found the rate to be a little bit low. Our  
17          -- our traffic analysts found the rate to be  
18          acceptable. And they -- they found it  
19          acceptable based on the fact that it was a  
20          really conservative approach to putting  
21          these numbers together. And because of that  
22          they found that to be an acceptable rate.

23                 CHAIRMAN CROSBY: So, does -- excuse  
24          me. Does that mean that for every gaming

1 position you have projected a third of a  
2 trip? So, in other words --

3 COMMISSIONER CAMERON: Yes. That's  
4 --

5 CHAIRMAN CROSBY: -- for every three  
6 positions, you projected a trip?

7 COMMISSIONER CAMERON: Correct.

8 CHAIRMAN CROSBY: And there are 3,000  
9 or 3,100 positions, so it's about a  
10 thousand, about a thousand trips, that's  
11 what that turns into?

12 COMMISSIONER CAMERON: That's exactly  
13 right.

14 CHAIRMAN CROSBY: Okay.

15 COMMISSIONER CAMERON: Okay. So, the  
16 site access is part of our traffic  
17 management plan. Local access is direct  
18 access off of I-91, Exit 6 right there in  
19 both directions. There is adjacent to the  
20 project itself, Main Street, Union Street,  
21 East Columbus Ave., and State Street.  
22 Again, the site is conveniently located with  
23 multiple access and egress options to and  
24 from the site.

1           I found this one interesting because  
2           this photo was taken -- I'm going to hold  
3           that because I think it's a later photo.  
4           But anyway, this is -- these are the  
5           existing roadway conditions. So, the top  
6           images, we're talking about -- we're talking  
7           about the conditions along Main Street and  
8           State Street, and as you -- you can see in  
9           the bottom photos, there's the existing bus  
10          stops. There's a bus on the left, there's a  
11          sign on the right with -- with -- stating  
12          that that's a bus stop.

13                 This is the part I found interesting.  
14          It is this photo. That -- this was taken at  
15          the very beginning of the rush hour. I -- I  
16          think I would have expected to see more  
17          traffic at that hour. This was taken just  
18          before 8:00 in the morning up here. So, it  
19          just, it makes the point that it's a good  
20          site and it's easy -- easy to get to.

21                 So, the proposed mitigation here will  
22          enhance the pedestrian facilities, the bus  
23          stops and the traffic signals. If you look  
24          at those photos, that's what's proposed to

1 mitigate.

2           Again, we're talking about the site  
3 access here. This is, this photo is  
4 depicting bus routes, and it's hard to tell  
5 the differences in color, but the black  
6 legend are the existing bus stops, the blue  
7 are the proposed stops. And as you can see,  
8 some of the black and the blue are together.  
9 And what that means is they are going to  
10 make that bus route a larger location, so  
11 that more patrons can be accommodated and  
12 more buses can be accommodated.

13           The Pioneer Valley Transit Authority  
14 bus routes, there are four of them right  
15 along the primary streets along the site.  
16 And four additional bus routes within  
17 walking distance of this site.

18           This was mentioned earlier, but the  
19 new trolley stop on Union -- on Union Street  
20 will be developed by the Applicant. We  
21 mentioned bus -- enhanced bus shelters.  
22 Commissioner McHugh, I know that you  
23 mentioned this and had a condition talking  
24 about this. The Applicant is in

1 negotiations now with the Pioneer Valley  
2 Transit Authority to agree on those  
3 enhancements. So, that's -- that's  
4 happening as we speak. It's not totally  
5 within their control as to what that'll look  
6 like. And as I just pointed out, there --  
7 there will be larger areas for bus to  
8 accommodate more folks.

9 Okay. Now, we get a little -- we  
10 have some animation slides which I was very  
11 impressed with, and Mr. Wing Wong was the  
12 developer of these slides. So, you really  
13 get to zoom in on the project itself and see  
14 the area. So, I'm going to ask Mr. Wong to  
15 step up here and go through these animated  
16 slides.

17 MR. WONG: Thank you, Commissioner  
18 Cameron. I'd like to just give a quick  
19 summary of the mitigation measures proposed  
20 by the Applicant before we dive into the  
21 site plan.

22 In terms of roadway improvements,  
23 the Applicant is proposing traffic signal  
24 upgrades, as well as pavement marking

1 upgrades. Certain location, they're also  
2 changing the lane configurations to provide  
3 a smoother traffic operations. There are  
4 also some minor geometric improvements, and  
5 some of that we'll get to pretty soon.

6 In terms of pedestrians and bicycle  
7 improvements, there are new wheelchair ramps  
8 and new traffic signal buttons to help  
9 accommodate pedestrian crossings. There are  
10 also bicycle lanes, as well as share lane  
11 markings to help with bicycle usage along,  
12 for example, Main Street and State Street.

13 So, this plan right here is a site  
14 improvement plan developed by MGM. Just for  
15 orientation, Main Street is on top of the  
16 screen here. I-91 and East Columbus on the  
17 bottom. State Street is to the left, and  
18 Union Street is to the right. Just to  
19 zooming in and out of the site, we're going  
20 to go in a clockwise direction.

21 So, on the next slide here, you --  
22 we're going to zoom into Union Street at  
23 Main Street intersection. At this location,  
24 what is proposed are the pedestrian push



1 button upgrades. There isn't there any now,  
2 and by proposing this to incorporate into  
3 the existing signal system, it will make  
4 crossing Main Street and Union Street a lot  
5 easier.

6 After the -- after the project is  
7 completed, if there is a need to improve the  
8 traffic signal timing, MGM has agreed to do  
9 it at that time.

10 So, if we continue to move along  
11 Union Street, some geometric improvements  
12 here include widening Union Street to  
13 install what's called pedestrian refuge  
14 islands. And that's to help crossing Union  
15 Street easier. Also, proposed are turn  
16 lanes into the garage itself, so again,  
17 making turning access to sites a little bit  
18 easier as well.

19 If we continue to go clockwise  
20 direction, we're at the Union Street and  
21 East Columbus Ave. intersection. What's  
22 proposed here are traffic signal upgrades,  
23 as well as geometric improvements under the  
24 91 viaduct to widen Union Street. And I'll

1 get back to that in a few more slides down  
2 the road.

3 As we continue along, this is Exit 6  
4 off I-91. The geometric improvements here  
5 are to remove the existing concrete barriers  
6 to improve the site line between motorists  
7 and this merging area here.

8 And as we continue, this is State  
9 Street and East Columbus Ave. intersection.  
10 What's proposed here are traffic signal  
11 upgrades, as well as adding pedestrian push  
12 buttons, again, making crossing easier, and  
13 at the same time making traffic operations  
14 smoother.

15 Next, we move up along State Street.  
16 And here, just some pavement marking  
17 improvements to better delineate turn lanes,  
18 parking lanes, as well as bicycle share  
19 usage.

20 And lastly, in the top corner here is  
21 Main Street and State Street intersection.  
22 At this location, again, more traffic  
23 signals, improvements, as well as upgrading  
24 wheelchair ramp for ADA compliance.

1           And I'd just like to mention that in  
2           addition to these physical improvements, the  
3           Applicant is also proposing what's called  
4           transportation demand management program.  
5           And this program really is intended to  
6           encourage alternate modes of transportation.  
7           And this program really isn't just for  
8           patrons. It's also for employees as well.  
9           As mentioned in Commissioner McHugh and also  
10          Cameron earlier, there is a rubber trolley  
11          system that's being proposed by the  
12          Applicant to help link the proposed sight to  
13          other attractions in Springfield, such as  
14          Basketball Hall of Fame, as well as Union --  
15          Union Station. Again, try to reduce vehicle  
16          trips overall.

17           The next slide we have here is a  
18          cross-sectional view of Union Street under  
19          I-91. We're basically in a cross-section  
20          view under the bridge itself looking from  
21          the waterfront side towards the project  
22          area. The top figure basically shows the  
23          existing configuration, which is four lanes  
24          currently underneath the bridge. The bottom

1 here shows a new five lane configuration.  
2 The extra lane is added for traffic turning  
3 towards East Columbus Ave. from West  
4 Columbus Ave. And then the added turning  
5 lane basically to help improve storage of  
6 vehicles waiting to get to the project site  
7 itself.

8 Also like to mention that the  
9 improvements here are currently being  
10 reviewed by Mass DOT, so they're going to be  
11 looking for additional bicycle and  
12 pedestrian accommodations at this site. So,  
13 this improvement here is not yet final. And  
14 it will be coordinated during the design  
15 process with Mass DOT.

16 I would also like to point out that  
17 this is one of the routes that's going to be  
18 used by the trolley system to help patrons  
19 get to the waterfront area safely.

20 Next, we have an example of an off-  
21 site improvement plan. This is the north  
22 end rotary located at West Springfield. The  
23 improvements you see here are pavement  
24 marking improvements as well as new signage

1 improvements. And what these improvements  
2 really will do are -- is to -- is to help  
3 define lane usage better. Currently these  
4 markings do not exist out there, and having  
5 these markings out there, now folks will  
6 know better where they're supposed to be in  
7 when they're inside the rotary. The new  
8 traffic signs will also give better  
9 direction for motorists so that they know  
10 where they're supposed to go as well.

11 And the next slide here is the  
12 Memorial Bridge rotary improvements in West  
13 Springfield again. The improvements are  
14 very similar to the north end bridge rotary.  
15 Basically pavement markings and signage  
16 improvements again.

17 And both -- and improvements at both  
18 of these locations are again currently being  
19 reviewed by Mass DOT. Improvements here  
20 will need access permit from them, Mass DOT  
21 to implement.

22 Next we have another off-site  
23 improvement. This is located at the  
24 Memorial Bridge on the Springfield side now.

1           What's proposed being here are pavement  
2           marking improvements to better define lane  
3           usage, not only at the intersection, but  
4           also a dedicated lane to turn into the I-91  
5           South garage. And again, this is just to  
6           improve better traffic operation, better  
7           traffic flow.

8                        So, at this time I'd like to turn  
9           back to Commissioner Cameron for the rest of  
10          the presentation.

11                       COMMISSIONER MCHUGH: Thank you.

12                       COMMISSIONER CAMERON: Wing was our  
13          lead traffic analyst for Springfield, so I  
14          certainly was impressed when he -- when he  
15          went to the animated, so we had a better  
16          idea of really where we were looking at.

17                       Okay. So, this slide we saw earlier  
18          in site and design. But we're -- and this  
19          is to do with parking. And so, we're  
20          looking at it from the perspective of  
21          parking here. Certainly we -- mitigation is  
22          concerned about how parking will be  
23          impacted, especially during construction of  
24          both the casino project and Mass DOT's

1 improvements to the I-91 viaduct.

2 Our research tells us that there is  
3 coordination between the Applicant, the City  
4 and Mass DOT ongoing. Off-site parking  
5 facilities expected to be used to compensate  
6 for displaced parking within the site, and  
7 the Applicant has agreed to provide shuttles  
8 to off-site parking facilities.

9 Commissioner McHugh talked about earlier  
10 some of those sensitivities. And I'm --  
11 we'll be looking to make sure that's --  
12 that's done in a way that is sensitivity  
13 with regard to the courthouse.

14 So, the construction of the casino  
15 garage will be accelerated to make parking  
16 available during construction, including for  
17 workers on both projects. So, the  
18 coordination is there and the commitments  
19 are there to mitigate those disruptions with  
20 regard to parking.

21 So, to wrap up criterion number two,  
22 traffic and off-site impact -- impact, it's  
23 a solid very good rating. Some of the key  
24 factors there, it has excellent -- the site

1 has excellent access to the interstate  
2 highway. The Applicant has agreed to the  
3 improvements to existing roadways,  
4 pedestrian, and bike lanes. They've agreed  
5 to address local and regional traffic  
6 impacts through their host and surrounding  
7 community agreements. And again, there are  
8 no significant impacts with regard to  
9 housing, school population, emergency  
10 services.

11 So, there's a strong plan for  
12 mitigation here. The -- the -- ongoing  
13 discussions, the coordination with the  
14 regional transit, agreements both in  
15 Springfield and surrounding communities will  
16 continue to evaluate traffic. The thing  
17 about this is there are so many other  
18 agencies involved in other agreements that  
19 -- that this will be a continual process.  
20 So, there is both state, local, federal and  
21 possibly -- regional and possibly federal  
22 will be part of this process and we'll be  
23 reviewing all of these traffic solutions.

24 The mitigation -- the mitigation



1 measures may change, so our traffic analysts  
2 think the plan is sound, very good. But  
3 there are others involved, so there may be  
4 some changes.

5 Okay. We're going to move on to our  
6 next criterion, which is the measures to  
7 promote responsible gaming. This is an  
8 example of a brochure from Las Vegas that  
9 was provided to us by the Applicant. And as  
10 we know, the issues of responsible gaming  
11 are featured prominently in this -- in this  
12 MGC legislation.

13 So, there are significant dollars as  
14 we know allocated -- allocated to research  
15 of the current and future conditions and to  
16 address problem gambling.

17 Again, we broke down this criterion  
18 into groupings of questions to make it  
19 easier to evaluate. The first are the  
20 direct efforts to mitigate problem gambling  
21 and promote responsible gaming. What we're  
22 talking about there are the on-site  
23 resources for problem gambling. The self  
24 exclusion policies, the identification of

1       problem gambling, the credit extension  
2       abuse, and the treatment and prevention.  
3       Those are all direct efforts to mitigate.

4               The second group of questions had to  
5       do with measures, processes and measures to  
6       mitigate problems. That includes the code  
7       of ethics, the metrics used for problem  
8       gambling, and the historical efforts to  
9       address problem gambling.

10              And the last grouping of questions is  
11       -- are the indirect efforts to mitigate  
12       problem gambling. We're talking about the  
13       advertising, responsible -- for responsible  
14       gambling and the signage, the actual signage  
15       out in the resorts themselves.

16              So, that first grouping, what are the  
17       general activities that the Applicant will  
18       do on site and in coordination with  
19       community providers. And that third  
20       grouping we are talking about how the  
21       Applicant informs patrons about these  
22       issues.

23              So, our review of numerous questions  
24       in this area, it -- it's a solid sufficient

1 in all three of these direct efforts, the  
2 measures, as well as the indirect. The --  
3 when we talk about the direct efforts, the  
4 Applicant has agreed to comply with  
5 regulations. That would be adopted by our  
6 commission. Generally now the Applicant is  
7 in line with the American Gaming  
8 Association, Responsible Gaming Code of  
9 Conduct. The Applicant did lack specific  
10 detail that would ensure that credit  
11 extension would not be abused by persons  
12 with gambling related problems. But they  
13 have been an active participant with our  
14 director of responsible gaming in framing  
15 these new regulations. So, we didn't see a  
16 lot in -- in how they responded to us. But  
17 I know Director Vander Linden is pleased  
18 that they are an active voice and -- and is  
19 assured that they are taking this issue  
20 seriously.

21 The metrics that they demonstrated  
22 were narrow and focused but important. And  
23 the code of ethics was sufficient.

24 One of the highlights was that they

1 utilize a third party to allow employees to  
2 voice concerns about and to identify issues.  
3 It's an indication that they take this  
4 seriously. And the Applicant has a notable  
5 history in supporting efforts to address  
6 problem gambling through the relationship  
7 with the National Council of Responsible  
8 Gaming, and most recently with the local  
9 organizations here in the Commonwealth.

10 Group three, their indirect efforts.  
11 They demonstrate a sensitivity to linguistic  
12 diversity and the importance of signage.  
13 However the brochure was pretty basic in  
14 nature. Thus the sufficient ratings in  
15 those three areas. This was -- this was  
16 what they propose to do here, this category  
17 as well as their past and existing efforts.

18 The Applicant's current operations in  
19 Las Vegas and elsewhere, they do what is  
20 requested and required by those  
21 jurisdictions. Certainly MGC is looking for  
22 a more robust and progressive program and an  
23 active partnership with this Applicant. And  
24 -- and they -- they are an active voice as I

1           said earlier with these discussions.

2                   CHAIRMAN CROSBY:   Could I just ask --

3                   COMMISSIONER CAMERON:   Yes.

4                   CHAIRMAN CROSBY:   -- you to expand on  
5           that a little bit.  This is disappointing  
6           and -- and sort of striking because in every  
7           other category they are --

8                   COMMISSIONER CAMERON:   Very good.

9                   CHAIRMAN CROSBY:   -- very good  
10          virtually, hardly ever see even a  
11          sufficient.  Here, this is uniformly  
12          sufficient.  They're also so distinctive by  
13          their proactivity and their innovation, and  
14          their progressive policies in so many other  
15          areas, you know, it's disappointing to see  
16          it.  So, I take this that Mark's reading of  
17          it was, well, you said it I guess.  It's --  
18          they do -- they do what they must but that's  
19          really about it.

20                   COMMISSIONER CAMERON:   Well, Mr.  
21          Chair, I don't know that other jurisdictions  
22          are asking for this level of detail in the  
23          questions we asked, or are asking for this  
24          kind of partnership in making this program

1 much more robust. So, I -- this is -- this  
2 is very typical of what we've seen with  
3 every single Applicant we've -- we've  
4 evaluated. So I --

5 CHAIRMAN CROSBY: Yeah.

6 COMMISSIONER CAMERON: -- I just think  
7 --

8 CHAIRMAN CROSBY: Are you thinking  
9 about --

10 COMMISSIONER CAMERON: -- we're  
11 looking for something greater, but --

12 CHAIRMAN CROSBY: Right.

13 COMMISSIONER CAMERON: -- like I say,  
14 we are encouraged that they're active and --  
15 and right there with a seat at the table.

16 CHAIRMAN CROSBY: Are you thinking  
17 about putting a condition in there, in --

18 COMMISSIONER CAMERON: Well, they  
19 have agreed to abide by our regulations.

20 CHAIRMAN CROSBY: Whatever we come up  
21 with.

22 COMMISSIONER CAMERON: Yes, so our  
23 regulations. But they are part of that  
24 process now.

1                   CHAIRMAN CROSBY:   Okay.

2                   COMMISSIONER CAMERON:   And so, those  
3 regulations are, you know, are the framework  
4 first and then the -- and then the  
5 regulations will follow.   And so, yes, they  
6 have agreed, so we do not think it's  
7 necessary to add an additional condition  
8 because that agreement is there.

9                   CHAIRMAN CROSBY:   Okay.

10                  COMMISSIONER CAMERON:   And our -- our  
11 last criterion is to protect and enhance the  
12 Lottery.   And this will make your point, Mr.  
13 Chair, about innovation.   Certainly this is  
14 a key provision.   The Massachusetts revenue  
15 per capita for lottery spending is very  
16 high, and it's important to preserve that  
17 revenue and add to it with new gaming  
18 facilities.

19                  This is a photo of an innovative  
20 idea, frankly, which is, so you're -- you're  
21 on a slot machine and you've earned credits,  
22 and before you sign off you will be -- this  
23 screen will come up which will ask you if  
24 you'd like to buy a lottery ticket, and

1 maybe give you a little advertisement about  
2 the games and how much money. And I did  
3 have a conversation with the general counsel  
4 at the Lottery who confirmed they -- they  
5 think it's a really innovative idea. I know  
6 the technical folks on both sides, for the  
7 Applicant and the Lottery are working now to  
8 see how they can facilitate this to get  
9 their systems to talk to one another. So,  
10 this is another example of innovation. So,  
11 a solid very good for -- for this category.

12 In fact, this is the first we've seen  
13 where there's a new idea, not just the  
14 agreement. Of course there will be an  
15 agreement to sell the tickets, but this is  
16 an innovative idea that the Lottery  
17 certainly is impressed with.

18 So, overall, our four categories very  
19 good in community support; very good in  
20 traffic and off-site impacts; sufficient  
21 with the measures to promote responsible  
22 gaming; and very good with protecting and  
23 enhancing the Lottery.

24 And overall very good in mitigation.



1 I'm not going to read this whole statement  
2 but I do have some highlights here.

3           Again, it was a competitive process  
4 in Springfield, extensive public outreach  
5 was conducted. The project design is built  
6 upon strong partnerships with existing local  
7 and regional entertainment facilities.

8 There's a proactive approach with executing  
9 agreements surrounding communities. The  
10 project location is well served by existing  
11 urban street network, regional transit,  
12 multiple access/egress points to interstate  
13 highways, mitigation measures to improve  
14 traffic operations, bicycle, pedestrian  
15 accommodations, and enhance transit routes  
16 are solid.

17           Active coordination with Mass DOT on  
18 the I-91 viaduct project, the off-site  
19 mitigation for parking impacts during  
20 construction, there's a solid plan there as  
21 well. Of course they've agreed to -- to  
22 work with us and comply with our regulations  
23 when it comes to problem gambling. And they  
24 did develop an innovative approach when it

1 comes to lottery sales in -- to casino  
2 patrons.

3 Now, just some overall thoughts  
4 before I speak about conditions. You know,  
5 the mitigation category primarily evaluates  
6 issues that can impact people in surrounding  
7 areas and state programs. Many of these  
8 issues will be confirmed later, so it's  
9 really hard for us to say, you know, you  
10 must do this or you must do that because so  
11 many of -- of these issues are  
12 interdependent with other agencies. Traffic  
13 is a perfect example, right, the mitigation  
14 measures may change during the review  
15 process, and as the applicants work with the  
16 permitting agencies.

17 Let's see. Everything else I think  
18 I've covered pretty significantly. As we  
19 know, they will sign an agreement with the  
20 Lottery. They've -- they've agreed to  
21 comply with our problem gaming regulations.

22 So, just general -- general  
23 conditions frankly that were covered -- were  
24 covered under general conditions in our

1 slots licensee for example, certainly we  
2 will ask for and mandate that they adhere  
3 that community agreements, surrounding  
4 community agreements, impacted live  
5 entertainment agreements, lottery  
6 agreements, and any other agreements with  
7 communities or mutual aid agreements. So,  
8 that's certainly one of our standard  
9 conditions and it really applies to  
10 mitigation.

11 The other condition is that is a  
12 standard edition is to institute credit and  
13 collection practices that comply with  
14 commission regulation. So, those particular  
15 conditions that we embedded into our  
16 conditions for the slots really apply to  
17 mitigation, and I believe cover all of our  
18 -- of our topics, our pieces of mitigation.

19 I certainly agree with the  
20 Commissioner McHugh, you had a commission --  
21 I'm sorry, you had a condition to deal with  
22 off-site parking. So that -- that's kind of  
23 a -- we certainly agree with that.

24 But overall, a solid very good when

1 it comes to mitigating impacts to  
2 communities. And this, as we know, very,  
3 very important to people how well these --  
4 how well these impacts will be mitigated.

5 Any questions?

6 CHAIRMAN CROSBY: Great.

7 COMMISSIONER STEBBINS: I had a  
8 couple of quick questions. The -- it didn't  
9 really come up in Category 2s, because there  
10 weren't a lot of performance base. MGM is  
11 using off-site performance base. Did that  
12 raise any issues on that exclusivity of the  
13 performing acts, or does that all go away  
14 because of the ILEVs we signed?

15 COMMISSIONER CAMERON: I'm sorry.

16 Did that -- what -- what -- did -- will you  
17 repeat that please?

18 COMMISSIONER STEBBINS: Sure. Sorry  
19 about that.

20 COMMISSIONER CAMERON: I'm not sure  
21 that I understand it.

22 COMMISSIONER STEBBINS: One of the  
23 issues in mitigation is I think gets to the  
24 ILEVs and impacted live entertainment

1 venues. We had concerns about exclusivity  
2 of performers and entertainers, which I  
3 don't know --

4 COMMISSIONER CAMERON: Yes.

5 COMMISSIONER STEBBINS: -- did they  
6 just not pertain to this project because  
7 they're using off-site locations, or were  
8 all issues addressed in the ILEVs?

9 COMMISSIONER CAMERON: No, they do  
10 not have a venue large enough that that --  
11 within their own facility. They are using  
12 other facilities. So, that did not come up.  
13 And I'm going to turn Nancy to make sure I'm  
14 correct about that. Yeah, no -- no issue  
15 there because they don't have a venue.  
16 They're not building a venue that would --  
17 that would come into play with others. In  
18 fact I think the other -- the entertainment  
19 venues that are existing are very pleased  
20 with the arrangements that have been made  
21 here to co-promote, to sponsor shows. So,  
22 not an issue.

23 COMMISSIONER STEBBINS: The one -- I  
24 want to come back to one traffic issue that

1 I had. And I probably should have brought  
2 it up when Commissioner McHugh was up  
3 presenting, but since your traffic guys are  
4 right by -- right by your side. East  
5 Columbus Avenue is all lanes moving north.  
6 And the way they've designed the exit for --  
7 from the parking garage is that you'll be  
8 exiting probably what was part of Howard  
9 Street at one point, to turn right into  
10 traffic. But just beyond that is where  
11 you're allowing traffic to come in and take  
12 a right to either go to the entrance or into  
13 the parking garage. Just based on the  
14 volume of traffic it would just seem you  
15 have people trying to go north and take a  
16 right and you have people trying to take  
17 that right out of the parking lot and kind  
18 of merge in that traffic. And that just  
19 seems to me that would cause a little bit of  
20 confusion and disruption. But I'm not a  
21 traffic engineer, so I'm asking.

22 COMMISSIONER CAMERON: Then ask Wing.  
23 He's our -- he's our Springfield traffic  
24 expert lead person.

1           MR. WONG: In terms of traffic going  
2 into the garage, there is a right turn lane  
3 that will be created to separate the through  
4 traffic. So, if you're on East Columbus  
5 Ave., you have a right turn lane that will  
6 help you turn into Bliss Street, which then  
7 will get you into the garage. In terms of  
8 coming out, there are three different exits  
9 to sort of have the traffic dispersed rather  
10 than having them all coming out in one  
11 location. So, in terms of usage, that will  
12 -- I guess we'll have to find out how much.  
13 But so far the what the Applicants propose,  
14 we're satisfied with.

15           COMMISSIONER STEBBINS: Okay.

16           CHAIRMAN CROSBY: If you want to go  
17 -- if you exit the parking garage on Union  
18 Street and you want to go south, you can go  
19 underneath right there, right?

20           MR. WONG: Repeat that again. If  
21 you exit out of Union Street --

22           CHAIRMAN CROSBY: Exit Union Street,  
23 you exit the garage on Union Street, you  
24 take a right on Union --

1 MR. WONG: Yes.

2 CHAIRMAN CROSBY: -- and you want to  
3 go south on 91 --

4 MR. WONG: Then what you would have  
5 to --

6 CHAIRMAN CROSBY: The underpass is  
7 right there, right, at that intersection?

8 MR. WONG: That is -- Union Street is  
9 -- yes, you can go underneath that and then  
10 you can -- you can pick up south if you turn  
11 towards Longmeadow in that direction.

12 CHAIRMAN CROSBY: Right. So, you  
13 don't -- you don't have to go right on  
14 Columbus Avenue North and then take a U, you  
15 can go straight.

16 MR. WONG: It's an option but I don't  
17 see why you would.

18 CHAIRMAN CROSBY: Yeah, you can go  
19 straight across, yeah, okay. Because if you  
20 did, it would be really conflicting with  
21 what -- and -- but you don't, okay. Great.

22 COMMISSIONER CAMERON: Any other  
23 questions?

24 CHAIRMAN CROSBY: No. Thank you very



1 much. Perfect.

2 COMMISSIONER CAMERON: Okay. Thank  
3 you.

4 CHAIRMAN CROSBY: Perfect timing.

5 COMMISSIONER MCHUGH: Thank you.

6 CHAIRMAN CROSBY: Unless anybody has  
7 comments they want to make now or questions  
8 they want to ask now about any of these  
9 three proposals, I think this has worked out  
10 pretty well from the standpoint of our  
11 timing. Anybody have thoughts or questions?

12 So, if I have this right, we will  
13 convene tomorrow morning at ten. We will  
14 start out by inviting the Applicants to  
15 speak if there are any factual issues that  
16 you were concerned about. And we will then  
17 go to Commissioner Stebbins with economic  
18 development and to me on overview, and then  
19 to deliberations. So, we will temporarily  
20 adjourn this meeting, we won't permanently  
21 adjourn. We'll come back and reconvene this  
22 meeting tomorrow.

23 COMMISSIONER MCHUGH: I thought we  
24 were going to ask the Applicant to give to

1 staff whatever questions they had so that we  
2 have an opportunity to check -- give the  
3 staff over the evening whatever questions  
4 they had.

5 CHAIRMAN CROSBY: Okay. I didn't --  
6 I wasn't -- I didn't get that. Okay. So,  
7 John and Catherine and Rick, can you  
8 coordinate with MGM to see if there are  
9 issues that they had, factual questions that  
10 they had, factual issues. And you'll have a  
11 chance to think about them and talk about  
12 them with us so that we don't just get them  
13 de novo tomorrow morning.

14 MS. BLUE: We've already started that  
15 conversation.

16 CHAIRMAN CROSBY: All right. Okay.  
17 Great. Works for you. Okay. Then we will  
18 temporarily adjourn and we will see  
19 everybody back at 10:00 in the morning.  
20 Thank you all very much.

21 COMMISSIONER CAMERON: Thanks.

22 COMMISSIONER ZUNIGA: Thank you.

23 CHAIRMAN CROSBY: Great job.  
24

1 (The hearing was suspended at 4:48 p.m.)

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1 GUEST SPEAKERS:

2 Wing Wong, Green International Consultants

3 Rob Scarpelli, HLT Advisory

4

5 MASSACHUSETTS GAMING COMMISSION STAFF:

6 Catherine Blue, General Counsel

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## C E R T I F I C A T E

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2  
3 I, Pauline L. Bailey, an Approved Court  
4 Reporter, do hereby certify that the foregoing is a  
5 true and accurate transcript from the record of the  
6 proceedings.

7 I, Pauline L. Bailey, further certify that  
8 the foregoing is in compliance with the  
9 Administrative Office of the Trial Court Directive  
10 on Transcript Format.

11 I, Pauline L. Bailey, further certify that I  
12 neither am counsel for, related to, nor employed by  
13 any of the parties to the action in which this  
14 hearing was taken and further that I am not  
15 financially nor otherwise interested in the outcome  
16 of this action.

17  
18 Proceedings recorded by Verbatim means, and  
19 transcript produced from computer.

20  
21 WITNESS MY HAND THIS 12th day of June, 2014.

22  
23 PAULINE L. BAILEY  
24 Notary Public

My Commission expires:  
November 7, 2014