

COMMONWEALTH OF MASSACHUSETTS
MASSACHUSETTS GAMING COMMISSION
PUBLIC MEETING #123
VOLUME II

CHAIRMAN

Stephen P. Crosby

COMMISSIONERS

Gayle Cameron

Bruce W. Stebbins

Enrique Zuniga

James F. McHugh

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MASSMUTUAL CENTER

1277 Main Street

Springfield, Massachusetts

P R O C E E D I N G S

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3 CHAIRMAN CROSBY: We're now ready to
4 reconvene the 123rd meeting of the
5 Massachusetts Gaming Commission, and I
6 think we will start out by asking Ombudsman
7 Ziemba about whether there are any issues
8 from the applicant about factual mistakes.

9 MR. ZIEMBA: Good morning,
10 Commissioners. MGM has raised just one
11 issue to our attention regarding potential
12 material error regarding one of the
13 descriptions in the building and site
14 design description. It has been raised to
15 Commissioner McHugh.

16 And, Commissioner McHugh, would you
17 like to --

18 COMMISSIONER MCHUGH: Yes. I made a
19 misstatement yesterday when I was talking
20 about, about 79 to 83 State Street and 95
21 State Street. The agreement -- and the
22 Commission, Springfield Historic Commission
23 and the MGM are in agreement that as to 95
24 State Street, the Commission will accept

1 demolition of the building because MGM will
2 retain the three-story facade, the
3 three-story facade in the Art Deco lobby at
4 85 -- 95 State Street. Strike that. This
5 is what led to my confusion yesterday. I
6 have got to -- I'm sorry. I just did it
7 again.

8 The Commission will accept
9 demolition of the building at 79, 83 State
10 Street since its facade is less significant
11 than either 73 or 85, 89 State Street, both
12 of which will be saved. So, it's the 79 to
13 83 State Street building that will be
14 demolished. Both the Commission and MGM
15 agree to that.

16 As so far -- in so far as 85 to 95
17 State Street is concerned, MGM will take
18 down the building but will retain the
19 three-story facade in the Art Deco lobby in
20 that building.

21 It's really -- I looked at it after
22 the hearing yesterday. It really is quite
23 a wonderful Art Deco lobby. So, that's
24 going to be preserved, and that is the

1 misstatement I made yesterday and made
2 again this morning. But I hope now the
3 record is clean.

4 CHAIRMAN CROSBY: I have no idea
5 what he is talking about. I am sure it's
6 right. Was that okay with you?

7 MR. NOSAL: Yes.

8 COMMISSIONER MCHUGH: Finally.

9 CHAIRMAN CROSBY: And is that it as
10 far as you're concerned, that was just the
11 one issue?

12 MR. NOSAL: Yes, that's it.

13 CHAIRMAN CROSBY: All right, thank
14 you. All right. Then, I think, we are
15 ready to move on to the fourth evaluation
16 category, which is economic development
17 which is Commissioner Stebbins. Use a
18 little help there?

19 COMMISSIONER STEBBINS: Geez,
20 technology challenged with a cord. Fingers
21 crossed I won't have any clarifications
22 from our applicant after my presentation,
23 but you run that risk.

24 Good morning, colleagues. I am in

1 charge with reviewing the economic
2 development section of the Category 1,
3 RFA-2 applications. The economic
4 development components, Section 3 of the
5 application breaks out needily into three
6 criteria which measures the applicant's
7 economic impact on the community and the
8 region surrounding the facility.

9 Coincidentally, these criteria are
10 also provided in order of how they were
11 laid out in the expanded gaming statutes
12 finding and declaration section. Job
13 creation will cover head count, job
14 quality, rate of pay benefits, workplace
15 safety, recruitment efforts, strategies for
16 recruiting unemployed and underemployed
17 residents, supporting external business
18 growth focuses on how the applicant plans
19 to support in contract with local vendors
20 both for construction and operations
21 through host and surrounding communities,
22 purchasing domestically manufactured slot
23 machines in efforts to engage minority
24 women and veteran known businesses for the

1 design, construction and operation of the
2 casino.

3 Regional tourism highlights how an
4 applicant may help draw visitors to the
5 region partnered with existing attractions,
6 host additional events and participate in a
7 regional economic development agenda. The
8 Massachusetts tourism industry, as I'm
9 always reminded from one of my evaluators,
10 generates close to a billion dollars in
11 state and local taxes, 16.9 billion in
12 travel related expenditures and supports
13 almost 125,000 jobs in the Commonwealth.

14 My advisers and some of the
15 stakeholders and supporters who helped with
16 the evaluation. Here's a list. Evaluators
17 come from within and outside the public
18 sector but folks who have active experience
19 in labor and workforce issues, regional
20 economic studies and travel and tourism.

21 HLT has been a critical resource in
22 our evaluation process. We drive greatly
23 on the experience that they have also
24 working with the financial projections with

1 Commissioner Zuniga. Lyle Hall has joined
2 us here today as one of the founding
3 principles at HLT has been providing
4 consulting services to the Canadian and
5 international hospitality leisure and
6 tourism industry for 30 years. Prior to
7 forming HLT, Lyle was at KP&G's Canadian
8 Hospitality and Leisure and Tourism
9 Practice and Carla Giancold, also from HLT,
10 assists us and she has tremendous
11 background and experience in consulting
12 projects and tourism, gaming and horserace.

13 Our approach: I organized this
14 group of independent evaluators, again,
15 with experience in all areas of the
16 application that we're going to review. I
17 assigned a technical reviewer to be the
18 primary reviewer for the criteria that
19 corresponded with their area of expertise.

20 Director Jill Griffin from the MGC
21 staff has worked in Boston foundation
22 focused on workforce issues and small
23 business development while working for
24 Mayor Menino in the City of Boston. And

1 she and I reviewed all three of the
2 criteria questions.

3 We had multiple group discussions on
4 the applications, suggested possible
5 ratings. Additionally, I used information
6 from clarification that we had with respect
7 to labor and payroll and benefits through
8 our request for clarification questions,
9 information from the original 90 minute
10 presentations, follow-up comments received
11 through MGC comments, follow-up questions
12 took place in writing to the applicant and
13 asked at the host community hearings.

14 And, additionally, I used
15 information from the one site visit I did
16 to the MGM's facility in Detroit where we
17 also had several interview meetings and
18 reference calls to organizations located
19 near the Detroit facility. Next slide.

20 A project comparison: This is
21 comparing the project proposed here in
22 Springfield versus MGM's existing facility
23 in Detroit. In May I had the opportunity
24 to visit MGM Grand in Detroit. Facilities,

1 as you can see, and the gaming areas for
2 the Detroit casino and the proposed
3 development in Springfield closely mirror
4 one another. As you can see, slot machines
5 and table games are comparable. Planned
6 hotel in Springfield is somewhat smaller
7 than the facility in Detroit and the number
8 of restaurants are about the same. The
9 facility also had pool and spa
10 accommodations, and we also compared gaming
11 revenue for MGM's year three Springfield
12 estimate with Detroit's actual for 2013.

13 I decided to review and compare and
14 examine the Detroit operations, because I
15 felt size and scope that the facility were
16 similar and I wanted to evaluate an urban
17 casino and not one located in Las Vegas.
18 Let me be clear first and foremost, I am
19 not suggesting that Springfield is Detroit.
20 Detroit's economic challenges I would say
21 are probably far more burdensome than
22 Springfield.

23 I was, however, anxious to see what
24 takeaways I might be able to observe from

1 their operations in Detroit that would help
2 us understand how MGM would operate in
3 Massachusetts. In Detroit MGM is one of
4 three operating casinos with a fourth
5 casino located just across the river in
6 Windsor, Canada. Despite market
7 saturation, MGM continues to outperform the
8 other casinos in terms of revenue. The
9 facility in Detroit does not mirror the
10 project proposed for Springfield.

11 We have been reminded throughout
12 this process, and it goes without saying
13 that the Springfield proposal is a new
14 development strategy for MGM. The facility
15 in Detroit was developed and would most
16 likely be viewed as one of the Waldorf
17 fortress style of casinos. I do not
18 believe obviously that's the style that the
19 governor and the legislature of this
20 Commission would envision for
21 Massachusetts.

22 I know the area surrounding the
23 casino is vast and mostly is for surface
24 parking. The MGM executives in Detroit

1 were proud to point out their greenhouse
2 facilities where they undertake educational
3 programs of area youth in addition to
4 growing food for their operations. But, I
5 think, they also encouraged the redeveloped
6 corporate location of Detroit's public
7 utility company, which is located just
8 across the street.

9 Two commissioners did participate in
10 a tour of several MGM properties in Las
11 Vegas for some of the design components of
12 Springfield were displayed were discussed.

13 In addition to our site visit, we
14 also reached out to local officials,
15 business partners in the Detroit Convention
16 and Visitors Bureau to see what stake MGM
17 has made in the economic revitalization of
18 the city and region.

19 We found their senior management was
20 active in the community and on the board of
21 the Detroit Downtown Business Partnership.
22 The Downtown Business Partnership
23 highlighted the company's support for a
24 downtown business improvement district and

1 redevelopment efforts involving a new
2 hockey arena and potential pedestrian
3 access from downtown to MGM's Detroit
4 location.

5 In addition, they are both active
6 financially and lending their senior
7 management team to the Detroit Convention
8 Visitors Bureau. MGM contributes above and
9 beyond the normal sources of revenue for
10 the bureau despite not being eligible for a
11 seat on their board of directors.

12 Their senior management team, again,
13 though not eligible to have a seat on the
14 organization board, regularly partners with
15 the bureau on sales efforts and trade shows
16 in addition to providing that financial
17 support.

18 During our visit we also met with
19 former city officials who had been involved
20 in developing the regulations since the
21 siting process of the casinos in Detroit.

22 Move on to components reviewed.
23 Here is my approach to this presentation
24 reviewing the three criteria categories in

1 Section 3. Again, we begin with job
2 creation looking at number of jobs,
3 proposed salary, wages, benefits, internal
4 promotional ladders, on boarding percent of
5 employees that are unionized and retention
6 rates.

7 Our external business impact would
8 impact will be felt in constructing and
9 operating the casino have on area
10 businesses within the host community and
11 the surrounding area. And, finally,
12 tourism. How does the applicant plan to
13 draw new visitors to the region, encourage
14 longer stays in Massachusetts and connect
15 with existing tourist designations and
16 amenities?

17 First category, again, is job
18 creation components. Creation of jobs was
19 an important piece and impetus for the
20 passage of the Expanded Gaming Act. Again,
21 in this portion we are going to look at key
22 areas involving employees, workforce
23 development practice and relations with
24 labor unions.

1 What we were looking for for
2 employees we're looking to the number of
3 employees they plan to hirer, FTEs and
4 full-time and part-time breakdown, wages
5 and benefits, key HR practices, ethnic
6 diversity and retention rates and
7 strategies. Workforce development we
8 covered topics such as how the company
9 brings employees on board, provides
10 training, what strategies they have for
11 recruiting from the populations of the
12 underemployed and unemployed.

13 And, finally, under labor relations,
14 we look to the employee's track record with
15 respect to labor relations, ensuring labor
16 harmonies and what PLAs or LHAs the company
17 may have in place. In their application,
18 it was our goal to determine how well they
19 knew the Springfield market. They signed
20 an MLU with the Mass. Casino Career's
21 Training Institute. What relationships
22 have they identified to help recruit local
23 residents for new positions?

24 Keep in mind that MGM expects 10

1 percent of their workforce will come from
2 outside of the region. 35 percent target
3 from Springfield with a balance coming from
4 and within the four Western Massachusetts
5 counties.

6 What we didn't find, what we found:
7 Retention is a critical component and MGM
8 provided us this data on employee retention
9 rates. Average tenure is eight years,
10 three months for all employees. Average
11 tenure is nine years, three months for
12 supervisors and above. Average tenure is
13 eight years and one month for
14 non-management employees.

15 We also, again, we found the
16 comprehensive benefit package, excellent
17 medical. We found detailed description,
18 workforce development and employee career
19 paths, good detail provided for on boarding
20 training and development initiatives,
21 workforce training initiatives through MOUs
22 and a demonstrated awareness of the
23 Massachusetts landscape for workforce
24 development, great past experience for the

1 diversity in hiring an employee,
2 progression practices.

3 What we didn't find was necessarily
4 commitments for MGM on construction-related
5 job requirements somewhat of reliance
6 placed on general contractor, and we know
7 that they continue to have ongoing
8 discussions with respect to labor harmony
9 agreements and project labor agreements.
10 But they did provide several letters of
11 endorsement in support for organized labor.

12 The MGM Springfield job summary,
13 here's a breakdown. During our host
14 community hearing questions to MGM, they
15 did not project any impact on employment
16 coming from the likely expansion of gaming
17 in New York State. They assumed job impact
18 it's tough to estimate because the
19 licensing process is evolving and the
20 casino projects in New York will have a
21 much smaller investment level as to appear
22 as more regional convenience casinos.

23 MGM has also had turnover rates that
24 were less than the industry standards.

1 Again, you can see employee turnover
2 projected at between 5 percent, 5 and
3 10 percent per year. Their first year
4 though they did project a somewhat higher
5 percentage of turnover, again, as we all
6 learned, that is typical for the industry
7 as people begin to understand the job
8 requirements and what it means to work in
9 the casino operation. You see payroll and
10 benefits per FTE benefits as percent. The
11 payroll is 51 percent and the breakdown
12 between union and nonunion personnel.

13 I want to just go back briefly and,
14 again, do some comparison work between MGM
15 Springfield and MGM Detroit. Again, to
16 note that Detroit and Springfield are
17 different based on economic indicators,
18 including unemployment. But although the
19 population size is different between the
20 two municipalities and surrounding county,
21 the age demographics and proportion of
22 minority residents are somewhat similar.
23 Sorry if that's somewhat tough to read.
24 Move on to the next one.

1 This is the diversity comparison.
2 MGM throughout their application and I want
3 to say even going back to the original 90
4 minute presentation that MGM made in
5 Boston, Mr. Murren's remarks about the
6 company's commitment to diversity, I think,
7 is exemplified in this slide. It
8 highlights the company's commitment to
9 diversity in Detroit. The middle bar graph
10 is Clark County, which is Las Vegas. And,
11 I think, it's also important to note you
12 can see that the employment population is
13 diversed and mirror's the company's
14 workforce domestic.

15 You also see the breakdown between
16 male and female employees at Detroit, Las
17 Vegas facilities and company wide. I think
18 it's a pretty impressive record of, again,
19 their record on achieving diversity
20 throughout the workplace.

21 Our overall job creation rating, as
22 you can see, it's very good. MGM offers a
23 high number of construction-related jobs.
24 This development project will represent the

1 most expensive private sector construction
2 project in this region's history. We do
3 remain concerned about the identification
4 of a general contractor, certainly
5 understand the business reasons for that
6 but that does translate if there is an onus
7 place on the contractor for also being
8 involved in securing participation in the
9 MBEs, WBEs and VBEs that local -- the
10 impact on the use of local construction
11 labor was also a concern highlighted.
12 Local construction labor unions obviously
13 have all voiced their full support for
14 MGM's project and look forward to working
15 with them.

16 Permanent job creation numbers are
17 high and provides employees with
18 competitive employment benefits. What I
19 was really intrigued by was the company's
20 very strong and successful internal HR
21 programs and practices. The company has
22 life skills trainers, assistance to help
23 individuals adjust to their facility, which
24 is open 24/7 talking about on boarding

1 support. Embracing the service culture and
2 training for their employees about problem
3 gambling and recognizing problem gambling.

4 In terms of ongoing professional
5 development, MGM highlighted several
6 post-employment training programs, a number
7 of work specific categories -- academies --
8 I'm sorry -- for gaming, food and beverage
9 and hotel operations. They also provided
10 information about their aspire program,
11 leadership institute and management
12 associate program for recent college
13 graduates.

14 Programs such as these take
15 promotable candidates and continue their
16 professional development and education.
17 They also highlighted profiles of students
18 studying at area colleges here in Western
19 Massachusetts who have been recruited in as
20 interns and hopefully candidates for some
21 of their leadership and workforce
22 development programs.

23 It has also been recognized and was
24 pointed out to us in the application

1 through media sources in ethnic diversity
2 publications across the country for their
3 commitment to diversity and success for
4 their programs.

5 MGM Resorts is a major
6 majority/minority company. 2012 enterprise
7 wide diversity profile of MGM Resorts was
8 as follows: 63 percent were minority
9 employees, 50 percent were women employees
10 and the percentage of minority managers was
11 38.17 percent of the total for 4,197
12 manager positions. Percentage of women
13 managers was 42.89 percent.

14 In efforts to provide leadership in
15 hiring veterans, MGM provided to us in
16 their application their detailed support
17 with Red Cross for a "Boots to Business"
18 program to draw veterans to job and career
19 opportunities within MGM.

20 MGM also highlighted their workforce
21 development efforts in Las Vegas, Detroit,
22 the Beau Rivage casino in Mississippi. For
23 example, again, in reviewing their efforts
24 in Detroit, they have identified several

1 local organizations as they have done here
2 in Western Mass. such as LASED, if I
3 pronounced that correctly, Latin Americans
4 for Social and Economic Development,
5 Detroit Hispanic and Development
6 Corporation and access a local program
7 serving middle eastern immigrants to the
8 Detroit area.

9 The company also partnered with
10 several local churches to highlight career
11 and job opportunities within MGM Detroit.
12 The company has demonstrated a strong
13 awareness throughout Western Mass. about
14 the workforce training landscape. Needed
15 partners in local organizations that they
16 plan to tap to recruit from and among the
17 unemployed and underemployed.

18 They focused and identified
19 community colleges and other entities
20 including the local NAACP chapter, Puerto
21 Rican Cultural Center and Westover Job
22 Corp. among others. MGM also provided us
23 information detailing their successful
24 working relationship with labor unions at

1 other MGM facilities. Support for external
2 business.

3 CHAIRMAN CROSBY: Commissioner,
4 excuse me.

5 COMMISSIONER STEBBINS: Yes.

6 CHAIRMAN CROSBY: You didn't mention
7 the Institute of Community College, the
8 formal program. Is there a link there?

9 COMMISSIONER STEBBINS: Yes, there
10 is. I think, I talked earlier about how we
11 recognized that they had signed an
12 agreement with the MOU with the MCCTI.

13 CHAIRMAN CROSBY: I'm sorry, I
14 missed that.

15 COMMISSIONER STEBBINS: Under the
16 support for external business, again, we
17 organized the questions into some
18 subcategories. Local business promotion
19 and support: How do they plan to promote
20 and partner with local businesses so as to
21 make sure the project impact is felt beyond
22 the casino walls? Minority women and
23 veteran business involvement.

24 Obviously we're all aware of the

1 several references throughout the
2 legislation about their involvement in the
3 economic impact for casinos. Regional
4 impact, both projected benefit for the
5 regional economy in coordination with
6 regional and local economic development
7 plans. This was a question in coordination
8 with local economic development plans that
9 we pulled out of the tourism portion of the
10 application. And then gaming equipment, as
11 we have found with all applicants, they
12 needed to really only to identify the
13 domestic vendors of gaming equipment and
14 slot machines.

15 What we were looking for is past
16 experience and plans for cross marketing
17 initiatives, extensive relationships with
18 local suppliers and vendors and
19 arrangements to ensure participation from
20 the local MBE, WBE and VBE vendors that we
21 know are highlighted throughout the
22 statute, again, for the design,
23 construction and operational phase of the
24 project.

1 We are also looking for realistic,
2 achievable and experienced based
3 implementation for creating those vender
4 partnerships and how vendors could be
5 identified and supported. We also looked
6 to see how the proposed project ties in
7 with local, regional economical development
8 initiatives.

9 What we found: There was sufficient
10 information provided as to a category
11 breakdown and 52 million plan to spend
12 locally. MGM provided a list of local
13 vendors that they have already had
14 conversations with or completed agreements.

15 They also demonstrated a strenuous
16 outreach effort with presentations before
17 economic development organizations from the
18 four Western Mass. counties. They
19 discussed how they had reached a number of
20 agreements with local businesses and
21 proposed partnerships with local chambers
22 in other economic development agencies.

23 We did note and we are somewhat
24 surprised but that by the time of the

1 deadline in December when the applications
2 were due that MGM had only provided just
3 one formal agreement, and that was with the
4 Berkshire Chamber of Commerce.

5 And MGM also used available data to
6 help the Commission understand the
7 landscape in Western Mass. for available
8 MBE, WBE and VBE venders in construction
9 contractors. Again, as I highlighted,
10 though we appreciate the company's pledge
11 to diversity that appears widespread and is
12 certainly a focus of their ongoing
13 operational efforts, we recognize that MGM
14 plans to place a great deal of the burden
15 for engaging these contractors for venders
16 in the design and construction phase on
17 their general contractor.

18 That general contractor has not been
19 identified at this point. As we pointed
20 out and going forward, we will want to work
21 with MGM to review their general
22 contractor's experience and especially,
23 again, with respect to utilizing these
24 categories of venders.

1 In viewing some of the requirements
2 of MGM's vender program, we're somewhat
3 concerned about whether requirements may
4 preclude some small businesses from
5 becoming vendors. The Commission in no
6 way, I think, wants to seek the saddle of
7 MGM with vendors who cannot meet their
8 obligations and appreciate the creation of
9 the dedicated Springfield purchasing
10 department.

11 MGM did mention resources to assist
12 local businesses and with expertise to help
13 a vender where they may be lacking. The
14 MGM application and presentation also
15 presents information on utilizing local
16 products in the projects retail space, as
17 well as plain use of retail space for
18 existing local businesses.

19 There was a strong emphasis on this
20 part of the application but specific
21 details remain outstanding. We understand
22 it may not be able to possible to identify
23 what retail as they have confirmed at this
24 point, but we do express some concerns

1 about what these terms would suggest for
2 discussion that we'd be able to work with
3 MGM to help them identify for us what
4 percentage of their retail space is planned
5 to be set aside for local businesses.

6 COMMISSIONER ZUNIGA: Commissioner,
7 so, can I just confirm that last point?

8 My understanding of the retail that
9 they are building around Main Street is
10 that that is space they are going to own
11 and operate. Are you referring to the
12 plaza that they referred to as --

13 COMMISSIONER STEBBINS: That's my
14 assumption. And in our part of the
15 application, they didn't focus on what
16 specific parts of the facility were set
17 aside for local retail. There was heavy
18 mention of it but not being specific as
19 that's your part or this is the part we are
20 reserving potentially for our brand.

21 COMMISSIONER ZUNIGA: Okay. And how
22 are we ascertaining whether there is
23 potentially onerous lease requirements or,
24 I guess, there is no details in the

1 potential, is there?

2 COMMISSIONER STEBBINS: Right.

3 COMMISSIONER ZUNIGA: Thank you.

4 Can I go back to another one, another
5 point?

6 COMMISSIONER STEBBINS: You used
7 your two questions.

8 COMMISSIONER ZUNIGA: In your
9 previous line, you also mention we didn't
10 find a level of sensitivity to address
11 local venders and I always think about the
12 role that we play when we, you know, that
13 your license all of the contractors or
14 venders that are going to be providing
15 services to MGM. Is there a nexus to, you
16 know, the regulations that we have that
17 permeate down to some of these points?

18 COMMISSIONER STEBBINS: They shared
19 with us some of their local vender
20 guidelines. I think there was some
21 concern, again, not a heavy concern
22 because, I think, we appreciated all of
23 their reference to they have had tens -- I
24 don't want to say hundreds of meetings but

1 they've certainly have had extensive
2 meetings with local businesses looking for
3 businesses to either be venders, retail
4 space owners, products that they can
5 incorporate into their existing retail.

6 So we complimented them on the
7 extensive, you know, the extensive work to
8 that point. I think, it was Dr. Brown who
9 raised concern about some of those vender
10 requirement guidelines might be at risk of
11 excluding a local small business vender, so
12 we raise it more as a cautionary awareness
13 more than anything else.

14 CHAIRMAN CROSBY: I had a question,
15 too. You said "effective use of the player
16 card for local business." Can you
17 explain -- expand on that a little bit? I
18 didn't see that in the application. Your
19 last bullet point there.

20 COMMISSIONER STEBBINS: Actually,
21 that is, I think, we probably should have
22 stricken that because, I think, that's --
23 that actually is, I think, language from
24 the Category 2 evaluation process.

1 CHAIRMAN CROSBY: All right.
2 Because I didn't particularly -- this is
3 not necessarily here nor there. But I
4 didn't notice that there was, like, a use
5 of your M card points with local retailers
6 or anything like that. So their M-life,
7 okay, so that's a mistake.

8 COMMISSIONER STEBBINS: That's an
9 error of statement on the slide.

10 CHAIRMAN CROSBY: Okay, thank you.

11 COMMISSIONER STEBBINS: Operating
12 expenses: Obviously there is some
13 information that we wish not to for
14 confidentiality purposes, but I just wanted
15 to give you a feel for how much of their
16 operating expenses and how it somewhat
17 breaks out in between operation cost of
18 sales and marketing.

19 Ongoing operation cost: The largest
20 portion of the budget typically is we fold
21 into that energy, property taxes, repairs,
22 maintenance, ongoing operating supplies.
23 You see the other two categories. Again,
24 MGM has pledged to spend 50 million

1 locally, 50 million locally with local area
2 venders and, again, compliment them on the
3 outreach they have done to find potential
4 local business partners.

5 They did define for us in the host
6 community hearing local is beginning with
7 Springfield as the host community expanding
8 outward to Hampden County, and then to the
9 three remaining Western Mass. counties.

10 Similar to our Category 2 license
11 award, we'll ask MGM to work closely with
12 our vender advisory team and draw in local
13 chambers, banks and other organizations for
14 their efforts to help MGM fund local
15 businesses for their needed goods and
16 services.

17 Economic impacts, again, I just want
18 to pull out, point out the bottom section,
19 which is mostly related to jobs. You see
20 there are ongoing operational count of
21 FTEs. That also includes folks at their
22 operations will directly impact. You will
23 see the jobs and FTEs that will be directly
24 impacted and induced impact from visitors

1 to MGM's facility and those totals, again,
2 both direct and indirect and the total
3 induced and direct in the bottom right-hand
4 corner.

5 COMMISSIONER ZUNIGA: Commissioner,
6 what's the difference between the
7 operations and the visitors FTEs; are those
8 people who work to support the operation
9 versus those who may be interfacing with
10 the customer?

11 COMMISSIONER STEBBINS: The
12 operation job FTE countdown direct is both
13 MGE -- sorry -- MGM's employee count and
14 direct job, so they impact from people that
15 they are buying goods and services from
16 local. The visitors direct impact is the
17 number of jobs being impacted by visitors.

18 So, the gas station where visitors
19 come in and purchase gas from, those are
20 their estimates with respect to, you know,
21 those jobs that will be impacted or created
22 from the visitors spent. And then from
23 where they buy gas and who the gas station
24 might do business falls into the second

1 column of the indirect and induced.

2 COMMISSIONER ZUNIGA: Thank you.

3 COMMISSIONER STEBBINS: Finally, the
4 rating for support for external business,
5 again, these bullets cover findings from
6 questions 14 to 23. In this category we
7 ranked MGM as sufficient, very good.
8 Again, I haven't touched on it but as we
9 know from Commissioner McHugh's
10 presentation, the company does not intend
11 to have a large performance space within
12 their footprint.

13 They've engaged business partners
14 and relationships to tap into existing
15 downtown and regional venues to create and
16 connect with entertainment and sporting
17 events to help draw visitors to the city,
18 and it's a way to reward the customers and
19 visitors.

20 A point I also want to draw
21 particular attention to is the third
22 bullet. During our review of the Category
23 2 applicants, we did not find significant
24 connections between the slots parlor

1 proposals and existing economic or regional
2 development plans.

3 For this application, I feel that
4 MGM really successfully connected with
5 their components of their project with the
6 needs and strategies as identified in
7 several local economic development plans
8 and wanted to thank them for their
9 extensive lengths in detailing those
10 connections. We scored MGM's efforts with
11 respect to this question as very good and
12 excellent.

13 Just for a couple of examples.
14 Pioneer Valley Planning Commission has a
15 plan called plan for progress for regional
16 economic study. It's about a 20 year-old,
17 20 year ongoing planning effort with
18 updates. In the plan for progress strategy
19 is encouraged reinvestment in urban areas
20 focused on diversity and promotion of the
21 region's tourism and industry cluster.

22 City leaders have also focused on
23 priority development projects that are not
24 weld off from the downtown and used. The

1 tornado in their plans is a transforming
2 event. The citywide development plan,
3 which was created months after the 2011
4 tornado, also highlighted use of the city's
5 focus on redevelopment vacant properties
6 and buildings and building off of the
7 city's physical esthetics and
8 infrastructure.

9 This rebuild plan for the downtown
10 Springfield area focused on new housing
11 opportunities, which we know correlates
12 with their 52 units of market rate housing,
13 community institutions, their partnerships
14 with City Stage and the MassMutual Center
15 and expansion of commercial and retail,
16 all, again, local strategy points which are
17 being played out in MGM's proposal.

18 As I said, MGM points out these
19 strategy connections in a convincing
20 fashion. Again, we didn't really see these
21 connections or relationships in the
22 Category 2 applications, but it was
23 certainly strong here and well represented
24 in MGM's application.

1 Their approach to vender development
2 is marked with considerable outreach again,
3 although we have some concerns over vender
4 requirements and excluding some small area
5 businesses, we do feel there was
6 substantial outreach on the part of the
7 applicant and, I think, that votes well for
8 their success in that area going forward.

9 We'll move onto tourism. Again,
10 under regional tourism and attractions, we
11 grouped questions into two subcategories,
12 tourism and regional promotion and other
13 amenities enhancement and business
14 strategy.

15 What were my independent evaluators
16 and myself looking for? We're looking for
17 their past experience and proposed plans
18 for entertainment and other amenities cross
19 marketing in collaboration with tourism
20 organizations. We were also looking for
21 the applicant's demonstrated awareness and
22 knowledge of the Springfield area market.

23 MGM certainly has a strong awareness
24 of the area tourism market and its assets.

1 And as we've talked about as in fact signed
2 agreements with these venues committed to
3 sponsoring events several times a year at
4 each of these facilities. MGM did detail
5 in their application their visitor market
6 segment that they would attempt to target.
7 They focused uniquely in the LGBT market
8 segment as a unique target in drawing
9 outside visitors to MGM's Springfield
10 facility.

11 They also focused in their
12 application a unique sport partnerships
13 that they've had experience in hosting and
14 organizing in Mississippi. And I'll talk a
15 little bit later about what was for me an
16 interesting anecdotal example of drawing
17 visitors from other MGM locations in for a
18 specific sporting event.

19 What we found and what we didn't
20 find: Again, what we found is, as we know,
21 MGM responded to the Greater Springfield
22 Convention and Visitor Bureau's MOU along
23 with other Region B applicants. During our
24 request for clarification questions, they

1 were able to provide us more information
2 about the partnership and promotion
3 strategies MGM would undertake as part of
4 this membership with the GSCVB.

5 MGM also pointed out that they have
6 been active sponsors of the Springfield
7 Falcons and at the time of their
8 application the Springfield Armor, though
9 the armor has decided to leave Springfield.
10 After the application deadline, we
11 anticipate MGM would certainly look for
12 other sponsorship opportunities.

13 What we did not find in responding
14 to the questions about international
15 marketing efforts there was some concern
16 that MGM's strategies were lacking in some
17 detail. There was a focus on M-life
18 members in Canada utilizing train service
19 between New York and Springfield. And I
20 hope I'm not giving this away or making a
21 forecast but they even cite an example that
22 using the induction -- potential induction
23 of Yao Ming into the Basketball Hall of
24 Fame as a way to draw visitors from China.

1 We did not see any acknowledgment of
2 attracting international visitors as coming
3 to the region for higher education needs,
4 and there's limited acknowledgment in this
5 section about utilizing nearby Bradley
6 Airport.

7 Through the host community
8 presentation, the application, we certainly
9 saw a collaboration with the visitor bureau
10 and financial support. I think our hope is
11 that MGM Springfield will follow the
12 Detroit model and have executives actively
13 engaged with the visitors bureau.

14 Again, we were looking probably for
15 more detail with respect to commitments in
16 those cross marketing and promotion
17 strategies with local and regional assets
18 and, specifically, how MGM's customer base
19 may be part of those promotional
20 strategies.

21 Working relationships, again,
22 without building entertainment space venue,
23 an entertainment venue space, MGM has
24 committed to supporting and sponsoring 12

1 shows, events per year as part of their
2 host community agreement. They have
3 actively supported sporting events and the
4 Springfield Falcons hockey team. We are
5 also impressed by their collaborative
6 efforts to host sporting events at other
7 locations and how, again, anecdotally this
8 is a great example I thought they pulled
9 out.

10 I think it was the University of
11 Michigan football team was playing a bowl
12 game down near their facility in
13 Mississippi, and they actually reached out
14 to MGM's patrons in Detroit, put together a
15 package of how they could have tickets to
16 the game, got them down there by plane and
17 then obviously put them up in their
18 Mississippi facility. So, it was a great
19 way to, you know, again, show off the
20 assets and utilize the assets of MGM around
21 the country.

22 CHAIRMAN CROSBY: You just have to
23 get UMass to a bowl game though.

24 COMMISSIONER STEBBINS: Hopefully

1 they will be, you know. You never know who
2 gets inducted into the Basketball Hall of
3 Fame, and I'm sure opportunities abound.

4 CHAIRMAN CROSBY: Dr. J, right?

5 COMMISSIONER STEBBINS: Everybody on
6 the review team was impressed with that
7 anecdotal example of how they can maximize
8 their assets and resources and customers.

9 Finally, the tourism rating, again,
10 MGM has clearly demonstrated their
11 willingness and commitment to work with
12 other tourism and performing art venues in
13 Springfield throughout the region,
14 including facility as far away, and I will
15 point out and still in Massachusetts like
16 Tanglewood. They have chosen not to
17 construct their own entertainment facility,
18 so maximizing use of existing venues will
19 encourage casino patrons to explore the
20 city.

21 We obviously have also talked
22 extensively about their trolley system and
23 how that will get visitors around to other
24 amenities and assets here in the

1 Springfield area. Many of these
2 partnerships were heavily detailed also in
3 their supporting external business and job
4 growth portion of the application.

5 For additional amenity support,
6 they've committed, as we referenced before,
7 to capital improvements at the nearby
8 Riverfront Park, a new pavilion at the
9 city's golf course and other community
10 enhancements.

11 MGM helped clarify the services and
12 partnership with tourism agencies through
13 our clarifying questions. There's
14 certainly some cross marketing strategies
15 and they suggest or propose but there was
16 limited detail of how they may, again,
17 utilize their existing customer database to
18 help cross market amenities throughout the
19 region.

20 Again, we found MGM's international
21 marketing initiatives lacking some detail
22 and failing to highlight some specific
23 strategies with statewide entities such as
24 Mass. Office of Travel and Tourism in

1 Massport. We know they have had
2 conversations with those agencies.

3 So, certainly it's not lost on them,
4 the importance of partnering with those two
5 agencies, again, to help draw new visitors
6 to the region. We hope they will continue
7 to explore those opportunities to maximize
8 existing international visitation to the
9 region.

10 Just some final thoughts. Again,
11 MGM has demonstrated ability to develop and
12 operate the Springfield facility,
13 Springfield casino. Their human resource
14 commitments are strong, salary and wages,
15 benefits, workforce development efforts,
16 minority engagement and diversity is
17 exemplary.

18 Their role in economic development
19 and support was demonstrated certainly
20 through their ACA, as well as their past
21 experience. And, again, I point to their
22 operations and involvement in Detroit as a
23 model of their experience in how we hope
24 they'll be engaged in the region.

1 Impressive contributions to local
2 infrastructures, supported existing
3 institutions, openness to working with
4 local tourism business and economic
5 development entities.

6 I briefly want to touch on some
7 potential license conditions for us to
8 consider. It's kind of a wrap-up to this
9 section.

10 Several license conditions are
11 similar to those that we adopted for the
12 license for Penn National. Those include
13 working with our venter advisory team,
14 abiding by all local agreements that
15 they've signed with partners, when they
16 need to get their affirmative marketing
17 plans for both design and construction
18 phase and operational phase into the
19 Commission for our approval.

20 We also -- I would also suggest that
21 we continue to work with MGM and have them
22 report to us upon their selection
23 eventually of the general contractor to
24 make sure that we meet to review the MBE,

1 VBE and WBE commitments. Also, again,
2 require MGM to provide us with a plan to
3 outline retail square footage that they
4 envision to make available to local and
5 regional businesses.

6 And then, finally, this is somewhat
7 out of the box, if I can characterize it
8 this way. We have heard from a lot of
9 people who have come and testified to us in
10 the past how that when a casino is
11 developed in a particular location that
12 once jobs were provided to local residents
13 that there was somewhat surprise or
14 somewhat dismay or somewhat apprehension
15 that as those people gained employment they
16 actually moved out of the community. We
17 heard that with respect to a degree about
18 Detroit. We heard that certainly when we
19 had the gentleman here from Gary, Indiana.

20 And what I am suggesting is that we
21 work with MGM and perhaps the City of
22 Springfield to look at how we can maintain
23 MGM's workforce population at 35 percent.
24 And we know that's their hiring target, but

1 we want to see if there is a way that we
2 can work cooperatively with them and also
3 with the city to see how we can maintain
4 that same level of the workforce population
5 going forward.

6 CHAIRMAN CROSBY: You might explain
7 a little bit more what happened in Detroit.
8 That's really interesting.

9 COMMISSIONER STEBBINS: Well, again,
10 Detroit is an interesting example and,
11 again, we looked at Detroit not only
12 because of the comparable size of the
13 facility but certainly Detroit was
14 experiencing higher race in Springfield in
15 terms of unemployment. MGM, the other
16 casinos through legislation came in were
17 established in the City of Detroit.

18 And even though there was great
19 success on hiring local residents, again, I
20 think, you know, and I can't quantify this
21 with a certain percentage of those
22 employees that because for the most part
23 it's mostly anecdotal. But you do hear
24 comments and points of view from the local

1 officials of people that were hired from
2 within the city at some point moved out of
3 the city.

4 CHAIRMAN CROSBY: As soon as they
5 got financially stabilized, they left town.

6 COMMISSIONER STEBBINS: Right. And,
7 again, we heard that very directing
8 pointblank from the gentleman from Gary,
9 Indiana Convention Business Bureau who
10 addressed this Commission well over a year
11 and a half ago. Again, the city is and MGM
12 have agreed to this 35 percent hiring
13 requirement.

14 But I think for, you know, and I
15 would suggest that we think about this even
16 as we consider the Region A applications
17 that we try to find a way -- you know, I'm
18 not going to tell anybody where they need
19 to live. But certainly if you want to
20 maximize the long-term economic benefit is
21 that you want people with good paying jobs
22 to live and work and stay in the community
23 in which they have been hired.

24 Again, it's more of a suggestion.

1 But I think, you know, encouraging the city
2 and MGM and us to have that conversation, I
3 think, is well worth our time and
4 consideration.

5 COMMISSIONER ZUNIGA: I think that's
6 a key point in terms of coordinating among
7 the different parties. I think there's a,
8 you know, in that sense there's a lot that
9 could be thought about, you know, at this
10 state where we play a role, not just the
11 Commission but there's, you know, other
12 state agencies that could be helpful and
13 certainly the city that plays a crucial
14 role. MGM plays a role as being a
15 catalyst, but there's a lot of support that
16 can happen with the other parties but, I
17 think, it's a very fair point.

18 CHAIRMAN CROSBY: You didn't do your
19 overall.

20 COMMISSIONER STEBBINS: Oh, sorry, I
21 jumped down to the last one. Again, just
22 the overall rating as a wrap-up.

23 We rated MGM very good overall for
24 this category, job creation, again, very

1 good external business and tourism both
2 sufficient and very good. And I would
3 suggest that it probably would not have
4 taken too much to glean more towards a very
5 good rating in both of those two
6 categories. So, we rated them overall very
7 good, very impressed with job creation and,
8 again, highlighting their success.

9 We saw this in Detroit. We saw
10 people that -- we met employees who had
11 been at MGM's temporary facility. Michigan
12 allowed the establishment of temporary
13 facilities who worked with them at the
14 temporary facility and, again, moved across
15 the street essentially when the brand-new
16 MGM Grand was built.

17 Certainly, folks from the area they
18 have strong retention rates. I think, we
19 were all impressed with the wide variety of
20 kind of career ladder programs that they
21 offer their employees to grow and move up
22 the ladder within the organization.

23 Again, in supporting external
24 business, again, we can't compliment them

1 enough on how diligently they've worked to
2 create partnerships with local businesses
3 and encourage the use of performance venues
4 in the area.

5 Again, if we have any level of
6 concern, it's looking towards -- we know
7 they have a strong record on diversity.
8 But without a general contactor's name, I
9 have a concern over, again, making sure
10 that we are aspiring to some of the MBE,
11 WBE and VBE participation goals, again,
12 above and beyond what the standards are set
13 by administrative bulletin 14.

14 Again, tourism, a company is noted
15 for their use of existing entertainment
16 venues and their efforts to draw visitors,
17 providing financial support to a number of
18 off property municipal facilities. There
19 is certainly some room for additional
20 strategizing about attracting the
21 international market. MGM certainly wants
22 to focus on these cross promotional
23 strategies with a number of other area
24 attractions.

1 We think that goes well, as you saw
2 the slide, they have partnerships with Six
3 Flags, again, making this a place where
4 people can come with their families, an
5 extended stay and realize how all the great
6 tourism assets located in Western
7 Massachusetts. We are not going to promote
8 anything South of the Border, but we will
9 promote everything in Massachusetts. And
10 that's my report.

11 CHAIRMAN CROSBY: Great, thank you.
12 Questions, other questions?

13 COMMISSIONER MCHUGH: I had one
14 question about, which I probably should
15 have raised when we were in that category,
16 about payroll and job, slide number nine.
17 I thought it was slide number nine. Yes,
18 that's up there now.

19 So, payroll and benefits 55,122
20 benefits are 51 percent of that, so a cash
21 component of that is about 36,5, right, is
22 that how that works out?

23 COMMISSIONER STEBBINS: Yes.

24 COMMISSIONER MCHUGH: And how does

1 that compare with -- is that something that
2 was compared with local regional wages?

3 COMMISSIONER STEBBINS: We did not.

4 COMMISSIONER MCHUGH: The overall
5 does compare favorably with local wages,
6 correct?

7 COMMISSIONER STEBBINS: Yes.

8 COMMISSIONER MCHUGH: Do we know
9 what the benefits are consist of; do they
10 include things such as uniforms?

11 SPEAKER: The benefits are a
12 combination of statutory payments, which we
13 won't go to the percentages but the
14 majority is medical and the medical benefit
15 piece is very impressive.

16 COMMISSIONER MCHUGH: Do we know
17 whether the 55 is a main or an average?

18 SPEAKER: It is an average.

19 COMMISSIONER MCHUGH: I mean a mean
20 or immediate?

21 SPEAKER: It is the simple provision
22 of the total wages and benefits divided by
23 the --

24 COMMISSIONER MCHUGH: By the number

1 of employees. And do we know how many of
2 the 2,350 full-time employees are, in fact,
3 full-time employes -- full-time equivalence
4 are, in fact, full-time employees?

5 SPEAKER: The exact number is in
6 Appendix A of the rollover report. I think
7 it's somewhere north of 80 percent.

8 COMMISSIONER MCHUGH: Somewhere
9 north of 80 percent?

10 SPEAKER: Yes, somewhere.

11 COMMISSIONER MCHUGH: Thank you very
12 much.

13 COMMISSIONER STEBBINS: Thank you.

14 CHAIRMAN CROSBY: Commissioner, I
15 have a question. You had a bullet point
16 "marketing relationships tend to focus more
17 on funding than active involvement." Could
18 you expand on that a little bit?

19 COMMISSIONER STEBBINS: That was a
20 point raised, again, as there's been a
21 little lapse of time between when the
22 application was due and as we have been
23 reviewing it. But it was just a concern
24 raised by Betsy Wall that she felt it's

1 nice to have the financial commitment, and
2 I think MGM and the Greater Springfield
3 Convention Visitors Bureau has talked about
4 that.

5 But what she didn't see was, you
6 know, active engagement of MGM executives,
7 which, I think, would be helpful to the
8 ongoing support to the Convention and
9 Visitors Bureau. I did go back and I
10 reviewed the tape. Again, there was a --
11 there was certainly a point made about
12 MGM's membership with the Convention
13 Visitors Bureau, but I couldn't find any
14 acknowledgment of, you know, say board
15 participation or something like that.

16 And, again, again, it wasn't a
17 clarification question that we asked MGM.
18 But based on what we saw as their
19 experience in Detroit and which was
20 impressive that, you know, they're
21 contributing above -- in Detroit they were
22 contributing above and beyond what was
23 required.

24 And even though somebody like me who

1 has had experience in the association
2 world, sometimes somebody says, "Well, I
3 want to be on the board if I'm making that
4 large of a commitment." They were still
5 having active engagement of their
6 executives on the convention selling trips
7 and other things and providing revenue
8 above and beyond what they were required.

9 So, again, it was a point Betsy
10 raised, an important point. But, you know,
11 certainly there I would suggest that their
12 track record which showed they will likely
13 hopefully have the same involvement here in
14 Western Mass.

15 CHAIRMAN CROSBY: I agree with that
16 from the Detroit visit. But there was just
17 a -- for Betsy and for the Convention and
18 Visitors Bureau and everybody else, you
19 made the point or somebody made the point
20 that it's really going to be in part
21 incumbent upon all these other
22 organizations to come to MGM and MGM -- you
23 can't just totally rely on MGM to do this.

24 Somehow we need to make sure to get

1 those folks to be as proactive as MGM is.
2 Now formally -- now MGM is now in selling
3 mode. They are going to move out of a
4 selling mode, and into an operational mode
5 and they have some self-interest in these
6 relationships but they won't be as
7 aggressive in reaching out obviously as
8 they have been in a selling mode.

9 But we need to do something to make
10 sure that the organizations are really
11 taking -- I'm sure they'll be receptive.
12 They really indicated that. But there
13 needs to be some burden anyways.

14 So, that's just a message we need to
15 really try to convey. You guys take
16 initiative. Don't wait for MGM to come to
17 you.

18 COMMISSIONER STEBBINS: Right.

19 CHAIRMAN CROSBY: Anybody else?

20 MR. MATHIS: Can I make a
21 clarification on that last point? Our MOU
22 with the Springfield -- Greater Springfield
23 Visitors Bureau I recall, and I'd be
24 surprised if it's not in the document, but

1 I specifically remember the negotiation
2 where I asked as part of our financial
3 commitment in that partnership agreement
4 that we have a seat on their board and they
5 made a commitment to provide a seat on the
6 board to our senior management.

7 So, that point is very well taken
8 and it's something that's important to us
9 that we have an active role not only in
10 funding but how that funding is spent and
11 in collaboration with some of our campaign.

12 So, to the extent that that wasn't
13 in the document, putting it on the record
14 that that was part of the arrangement and
15 that's something that's important to us.

16 CHAIRMAN CROSBY: I think he was
17 talking about Detroit where he was
18 impressed -- we were impressed that MGM did
19 not have formal representation on some of
20 the key boards yet, nevertheless, was going
21 out of their way to be actively involved.

22 COMMISSIONER STEBBINS: And, again,
23 if we missed that as part of what was
24 provided to us in the application, that's,

1 you know, we're glad to hear that news.
2 And I'll be lucky if that's my only
3 clarification. Data point conflict with
4 MGM.

5 CHAIRMAN CROSBY: Anybody else?

6 COMMISSIONER ZUNIGA: I just want to
7 talk a little bit about the tourism piece,
8 which you alluded to in your remarks. I am
9 rereading some of the points, and it may
10 not be here. But the trolley that they are
11 willing to fund and bring I see as a
12 tremendous positive. One that glues all of
13 the attractions, and that's a key point
14 for, in my view anyway, of tieing and
15 making what is individualized a bit of an
16 experience, a regional or city experience.
17 Something that doesn't exist then, you
18 know, people may be visiting currently one
19 of those places and leaving as opposed to
20 staying longer.

21 So, the site is also quite
22 strategically located for that purpose.
23 It's really the center of, and it would
24 make sense that they try to tie all those

1 amenities.

2 Was there much discussion or
3 consideration given to as you work with the
4 tourism rating to that piece?

5 COMMISSIONER STEBBINS: Are you
6 referring to here in Springfield the
7 trolley system to get people around to the
8 different areas?

9 COMMISSIONER ZUNIGA: Yes. I am
10 referring that as a key component, in my
11 view anyway, to really enhancing the
12 tourism really it is a bit of a cliché but
13 really leveraging, you know, their position
14 both from a location and an operation
15 perspective.

16 As I walked through the site weeks
17 ago or months ago and I continue to do
18 that, walk around the city, you could
19 envision the notion of coming to visit for
20 more than just MGM or Basketball Hall of
21 Fame for that matter and being able to
22 really, you know, enhance the amenities,
23 the amenities by simply tying them with
24 that trolley.

1 COMMISSIONER STEBBINS: I think our
2 whole group viewed that as significant.
3 Again, you know, it's been conveyed to us
4 several times as to what a different
5 strategy and approach this MGM development
6 is compared to their other properties, you
7 know, it's outward looking.

8 And that is, I think, that is
9 reflected in multiple access points, you
10 know, places for the public to engage
11 without necessarily having to go on the
12 casino floor, you know, their connections
13 to all of these other amenities to boost
14 visitor ship, you know, getting somebody
15 who maybe comes for hall of fame induction
16 weekend and stay a little bit longer and
17 enjoy both the amenities at the MGM
18 property, as well as, you know, the
19 amenities just around the city.

20 And, I think, they also point out in
21 their application or host community
22 agreement they are committed to having MGM
23 employee days at several of these
24 facilities. So I -- you know, again, we

1 gave them great marks for understanding the
2 Massachusetts tourism landscape.
3 Understanding, you know, they were
4 exploring a relationship with Tanglewood,
5 which obviously has a limited operating
6 window and that being out in the Berkshires
7 to Jiminy Peak to try to maximize
8 visitorship during the New England winter.
9 So, again, creative, thoughtful approaches
10 on all of it.

11 CHAIRMAN CROSBY: Anybody else?

12 Thank you, that was great. Want to
13 take a real quick break and then we'll pick
14 up?

15 COMMISSIONER ZUNIGA: I think we
16 should.

17

18 (A recess was taken)

19

20 CHAIRMAN CROSBY: I think we will
21 reconvene. We are reconvening, and the
22 fifth presentation is referred to as
23 general overview also sometimes
24 colloquially referred to as the wow-factor

1 and that was my project, my evaluation
2 criteria.

3 We reviewed eight of the nine --
4 there were only nine questions in our
5 category. We left them all separate. We
6 didn't put them into groups as the other
7 groups did, because we had so few and we
8 only reviewed eight of the nine.

9 The ninth question was a question
10 about what are you looking for from the
11 organize the state, the Commonwealth in
12 the future, and MGM listed a whole bunch of
13 issues that they thought needed to be
14 addressed to fix what they perceive as
15 problems in the legislation. We've talked
16 about that elsewhere, and we won't be
17 talking about that today. But we did
18 review the other eight questions, and I put
19 together a review team to help me think
20 about these issues.

21 The category "general overview" is a
22 much more subjective category than the
23 others. It's really, you know, sort of a
24 human assessment of some sort of soft issue

1 such as association with the Massachusetts
2 brand, something that's very hard to put a
3 metric to. So, I put together a group of
4 advisers to help me think about this that
5 represented lots of different points of
6 view.

7 Theresa Cheong, Senior Development
8 Coordinator at the Asian American Civic
9 Association, although she's no longer
10 there; Phil Clay, Professor of City
11 Planning and he was the former provost at
12 MIT; Liz Devlin puts herself down as
13 founder and digital courier of FLUX Boston,
14 which is an arts organization but her day
15 job is as a financial analyst. She's quite
16 a remarkable left and right brained woman.

17 Ruth Ellen Fitch was formally a high
18 level corporate attorney, then she ran a
19 human community health center in Boston for
20 many years; John Harthorne, founder and CEO
21 of Mass. Challenge; Ira Jackson took my
22 place as the Dean of McCormick Graduate
23 School at UMass Boston; John Mullin is from
24 out here, Professor of Regional Planning at

1 UMass Amherst; Lily Mendez-Morgan, who's
2 the chief operating officer from
3 Massachusetts Red Cross, which includes an
4 office here in Springfield; and Joe
5 Thompson, the Director of Mass Museum of
6 Contemporary Art, Mass. Mocha.

7 We reviewed the application
8 materials in some detail. We spent a day
9 out here visiting the site, getting a tour,
10 talking to a lot of people and we got in
11 depth briefings from a number of the
12 consultants who were working with the other
13 categories, because there are such issues
14 here as how well you do on coordinating
15 with the tourism industry and we needed to
16 get the detail from the consultants who
17 have been helping some of the other teams.

18 The rating system is the same rating
19 system that everybody else has used.
20 You're familiar with that. I do just want
21 to highlight a couple of sort of summary
22 points at the beginning, and I'm going to
23 read a number of these things because we
24 chose the words pretty carefully, and I

1 don't want to misrepresent by being casual
2 any of our points of view.

3 The MGM proposal is a generally
4 ambitious and unusual effort to use the
5 economic muscle of a casino development to
6 drive redevelopment of an entire depressed
7 urban area. The MGM proposal includes not
8 only hotel, restaurants and retail, which
9 is relatively standard, but also outdoor
10 activity space, a skating rink, a luxury
11 movie theater, a bowling alley and 54 units
12 of market-priced housing. This
13 demonstrates just how seriously MGM has
14 taken this effort.

15 The MGM proposal takes city
16 integrated resort and, quote, "inside-out"
17 casino development to a dramatic and unique
18 new level. Members of my advisory group
19 were impressed by this level of ambition
20 but were also deeply aware that there is no
21 example of such strategy having worked in
22 any other comparable city. This is a true
23 unique initiative and I and my group are
24 excited and hopeful for the prospects of

1 this effort success.

2 The advisory group also thought it
3 was important to highlight some sort of
4 generic priorities that it's nice to get
5 into excited about all the extra
6 development work that's being done here but
7 let's not forget the basics, generating
8 good jobs, the living wages are better with
9 substantial retention rates thus producing
10 unemployment in the region. That clearly
11 is priority one.

12 Also and hopefully increasing home
13 values by increasing demand and by
14 developing favorable venus in Springfield
15 and their surrounding area, helping to
16 develop the coherent economic development
17 plan for the entire region, developing a
18 positive, collaborative relationship with
19 regional travel and tourism facilities,
20 which nets to growth for all. More easily
21 said than done.

22 The more my advisory group and I
23 reviewed the MGM proposal and visited the
24 Springfield location the more impressed we

1 became with the proposal. I think that
2 might be something that we all somewhat
3 share. So, question by question I'm going
4 to read the question, because I think it
5 gives you a sense of what we were trying to
6 look for.

7 Massachusetts brand: How does the
8 project you proposed manifest an
9 appreciation for and collaboration with the
10 existing Massachusetts brand; for example,
11 our intellectual/knowledge economy, our
12 biomedical, life sciences, educational and
13 financial services economic drivers and our
14 long history of innovation and economic
15 regeneration over the 400 years of our
16 existence? We rated MGM very good on this
17 question.

18 The MGM proposal demonstrates a
19 strong commitment to the history of
20 Springfield and promises to maintain a
21 commitment to Massachusetts' historic
22 themes of innovation, inclusion and
23 community. Those are MGM's words,
24 "innovation, inclusion and community."

1 But, I think, they are a legitimate
2 characterization of some important features
3 of Massachusetts history all be it with
4 bumps from time to time in the road.

5 The proposal is responsive to
6 sustaining the existing Springfield brand
7 built now principally on finance, health
8 care and education and expanding it with
9 arts and entertainment. With its
10 repurposing of four, which was originally
11 and now many more, several more historic
12 buildings into the project site, MGM
13 demonstrates with its actions its
14 sensitivity to both the old and new
15 branding of Springfield and Western
16 Massachusetts, so very good on the
17 Massachusetts brand.

18 Question two was: Destination
19 resort. Some visionaries in the gaming
20 business describe an evolution of gaming
21 facilities from convenience casinos to
22 destination resorts to city integrated
23 resorts. Explain what, if any, meaning a
24 city integrated resort has to you and how

1 you anticipate following its principles if
2 in fact you subscribe to it.

3 Additionally, please explain how the
4 project you proposed embraces the
5 legislature's mandate to present
6 destination resort casinos rather than
7 convenience casinos. We rated MGM very
8 good plus on this. I'm not sure actually
9 how they could have done much better.

10 The MGM proposal is an ambitious
11 attempt to develop a truly, quote, "city
12 integrated resort." Basically a concept
13 that drives mixed use development in a
14 depressed urban area with the economic
15 engine of a casino and effectively the cash
16 flow of slot machines. The proposal takes
17 very seriously the integration with local
18 venues, hotels, tourist attractions,
19 restaurants and retail with it's permeable
20 access and egress, trolley service to other
21 city attractions, venue partnerships and
22 local hiring and purchasing.

23 The project is appropriately
24 realistic on attracting most of its

1 customers from a relatively nearby radius,
2 straight forward about that, including many
3 people from Massachusetts. But with the
4 help of it's international marketing
5 network, the proposal is as attentive as
6 possible to bring in outside dollars,
7 particularly attracting Connecticut
8 customers, since among other features
9 Springfield is closer to Hartford than it
10 is to Mohegan Sun. I'm sorry. Springfield
11 is closer to Hartford, yes, than it is to
12 Mohegan Sun and Foxwoods, so very good plus
13 on that question.

14 Outward looking was question number
15 three. How do you propose to merge the
16 creation of a destination resort casino or
17 slots parlor with the concept of creating
18 an outward looking physical structure; that
19 is, an establishment that relates to and is
20 integrated with the host and surrounding
21 communities, leverages Massachusetts'
22 existing assets and enhances and
23 coordinates with Massachusetts' existing
24 tourism and other leisure venues?

1 It's interesting to remember for all
2 of this that we wrote these questions a
3 long time ago. These evolved from the
4 criteria. We were early, early on. It was
5 like probably two years ago when we started
6 developing these criteria and the criteria
7 morphed into our application in a way that
8 we hadn't quite anticipated.

9 And as you can see our early
10 thinking here in a lot of these, and I
11 think we all discussed that we would frame
12 these -- we'd probably articulate these
13 questions a little differently if we were
14 doing it now. But, nevertheless, you can
15 see what we were wrestling with even as
16 long as two years ago.

17 We rated MGM Springfield outstanding
18 on this point and there are similarities
19 among a lot of these questions, overlapping
20 areas but this one was striking.

21 The MGM proposal is perhaps uniquely
22 outward looking in that the casino itself
23 is surrounded by other attractions and
24 amenities, including hotel, movie theater,

1 outdoor spaces for skating and summer
2 events, restaurants and retail. All
3 amenities at the perimeter of the facility
4 have ready access from many points.

5 The quote, "live, work, play"
6 concept, which is something that is easy to
7 say and is thrown around, and I think is
8 often disingenuous. In this case the live,
9 work, play concept is actually plausible
10 because of the mixed use development and
11 the combined effort of MGM and the city to
12 drive further redevelopment in the area.

13 This was an important effort. MGM
14 can't do this alone. MGM is not in the
15 redevelopment business. MGM is in the
16 casino and related amenity business. They
17 need a partner in the city. The city has
18 to drive that, and we were impressed with
19 the fact that this is part of a coherent
20 plan and Mayor Sarno and Kennedy and others
21 take quite seriously a strategic
22 comprehensive approach to building from
23 this and other efforts and that's really
24 critical to this. And the live, work, play

1 concept becomes plausible partly because of
2 what MGM is doing within its own boundaries
3 but also because of what else the city has
4 in mind for the surrounding area.

5 A signature feature of the MGM
6 proposal that reinforces its outward
7 looking commitment is its reliance on
8 existing performance venues and the hotels.
9 I think we all talked about that.

10 Question number four was about the
11 competitive environment. Describe the
12 competitive environment of which you
13 anticipate operating over the next 10 years
14 and how you plan to succeed in that
15 environment without taking revenues away
16 from other Massachusetts gaming
17 establishments, racetracks or businesses.

18 The answer was not entirely focused
19 but the question was not particularly well
20 framed either. We nevertheless categorized
21 their answer very good. This proposal has
22 a very realistic assessment of the
23 competitive environment and demonstrates a
24 corporate history of successful performance

1 in competitive markets.

2 I accompanied Commissioner Stebbins
3 to Detroit and, as he discussed, we were
4 struck about the way MGM Detroit performs
5 in a very competitive marketplace.

6 MGM has positioned itself as the
7 only urban facility among its principal
8 competitors with a broader array of
9 activities in the surrounding area as a
10 competitive advantage. And we'll talk more
11 about this in question six.

12 MGM reasonably promotes its
13 closeness to Hartford for its ability to
14 attract Connecticut dollars, as well as its
15 plan to merely repatriate Massachusetts'
16 dollars. But we thought that they -- they
17 didn't try to smoke us on this question.
18 They were straightforward about the
19 aspirations or where they were going to get
20 their money and who they were going to
21 compete with.

22 Question number five: Meeting unmet
23 needs. How do you propose to work with
24 affiliated attractions and amenities to

1 broaden the market base of the gaming
2 facility and to meet unmet needs in our
3 array of entertainment, education and
4 leisure resources? We rated MGM
5 Springfield very good.

6 The MGM proposal has a number of
7 entertainment attractions, which are not
8 otherwise readily available, including an
9 ice skating rink, bowling alley and luxury
10 movie theater. This was exactly what we
11 were looking for. What else are you going
12 to bring to the area that meets unmet
13 needs?

14 MGM will help to market unique new
15 attractions and its partnerships with local
16 performance venues and is clearly committed
17 to working with local attractions, chambers
18 of commerce, convention and visitors
19 bureaus and MOTT to broaden the impact of
20 the casino audience on the whole of Pioneer
21 Valley.

22 Saying it is not doing it. None of
23 us will know until time passes whether this
24 is actually a doable proposition. Does, in

1 fact, a rising tide haul boats; can you
2 increase the size of the pie? We don't
3 know that but their plans and aspirations
4 and strategies for doing that are as good,
5 I think, as we thought they could be.

6 Question number six: Collaborative
7 marketing. How do you intend to market
8 aggressively outside Massachusetts and
9 internationally, perhaps in cooperation
10 with our existing industries and
11 organizations such as Massport and the
12 Mass. Office of Travel and Tourism, and
13 certainly in collaboration with our
14 existing institution drivers of economic
15 and international development? We rated
16 their answer very good.

17 Although the MGM proposal does not
18 particularly position itself this way, it
19 is distinctive in its approach to
20 collaborative marketing because in our view
21 it is done out of a genuine need rather
22 than as window dressing. MGM Springfield's
23 competitive advantage will be its urban
24 setting and its access to the host of other

1 attractions and amenities in Springfield
2 and in the region.

3 If people simply want fancy casinos,
4 there will be bigger and better ones at
5 Foxwoods, Mohegan Sun and Region A. But
6 MGM Springfield can be positioned as a
7 gateway to tourism and leisure in Western
8 Massachusetts, particularly Pioneer Valley,
9 something none of the other locations can
10 offer. One measure of this mutual
11 interdependence is MGM's plan to run a
12 subsidized trolley from its property to
13 other Springfield attractions.

14 MGM combines this intrinsic tie with
15 other attractions in Springfield and the
16 region with its global brand and global
17 reach, establish working relationships with
18 many international travel and promotional
19 organizations and trade show strengths. A
20 combination of the MGM marketing muscle
21 with the appeal of a rejuvenating
22 Springfield and a regional appeals of
23 Western Mass. make for an extraordinary
24 commitment to an opportunity for

1 collaborative marketing.

2 This was really an important point.
3 That it seemed to us that they believe that
4 their success is partly at least
5 contingent, I mean, convenience is going to
6 be a part of it. There's going to be a lot
7 of people that come to this facility,
8 because it's closer. We all know that.
9 But on the margins, it seemed to me that
10 they really believe that the big success
11 will be in part contingent upon their
12 ability to market the entire area. A
13 really interesting and important point.

14 Question number seven: Diverse
15 workforce and supplier base. Describe your
16 commitment to a diverse workforce and
17 supplier base and an inclusive approach to
18 marketing, operations and training
19 practices that will take advantage of the
20 broad range of skills and experiences
21 represented in our Commonwealth's evolving
22 demographic profile. Further identify and
23 discuss the diversity within the leadership
24 and ownership of the applicant, if any. We

1 rated them sufficient on this in terms of
2 track record and history and the president
3 of MGM Springfield to my right.

4 MGM has a dramatic, dramatically
5 impressive record in terms of understanding
6 what diversity is about and what inclusive
7 work environment and situation consists of
8 both in terms of suppliers and employment
9 and in its training programs, but we only
10 could look at the track record. We
11 couldn't look obviously at anything
12 specific or very many things specific at
13 the moment.

14 As with the Category 2 applications,
15 my advisory group and I were in one way
16 disappointed that the commitments tend to
17 be only aspirational and best efforts. We
18 understand there are legal issues that
19 we're all wrestling with and we recognize
20 that the actual diversity plans for
21 construction and operations are not
22 formally due until after an award is made.

23 But if you go by track record, MGM I
24 think is as good a company corporate

1 environment record can be on issues of
2 diversity and inclusion, which is a point,
3 I think, that somewhere along the line all
4 of us might want to make to the rest of the
5 world. There are features of this company
6 but other companies that we are dealing
7 with, which are not unknown and this is --
8 and unappreciated and this is one of them.

9 Question number eight: Broadening
10 the region's tourism appeal. What is your
11 overall perspective in strategy for
12 broadening the appeal of your region in the
13 Commonwealth to travelers inside and
14 outside of Massachusetts? We gave them a
15 very good plus.

16 The MGM inside-out and city
17 integrated resort strategies give MGM a
18 unique differentiator to compete with
19 Foxwoods and Mohegan Sun. This positioning
20 and its location as a point of entry to
21 Pioneer Valley from the south, with ready
22 highway and transit access offers enormous
23 potential to both retain Massachusetts
24 travelers who now go to casinos out-of-

1 state, as well as to pull tourists and
2 guests from New York and Connecticut who
3 now frequent Foxwoods and Mohegan Sun.

4 The MGM proposal makes a very
5 persuasive case for broadening the tourism
6 base for Springfield and the entire Pioneer
7 Valley region. A case articulated well in
8 each of its four critical areas, design,
9 marketing, partner community engagement and
10 branding. As stated previously, to be
11 successful in our view, MGM must
12 successfully market the non-casino
13 attractions and amenities in Springfield
14 and in the region for its own success.

15 I believe there's a real possibility
16 that MGM Springfield will lift the fortunes
17 of the entire region, especially the
18 broader Springfield community.

19 So, in conclusion I give -- I rated
20 MGM Springfield a very good plus summarized
21 as the project is ambitious, innovative and
22 exciting in the context of a city shrewdly
23 and comprehensively attempting to renew its
24 economic, social and cultural health. Our

1 governor and our legislature made the
2 decision to support expanded gaming as a
3 new economic development tool in a cultural
4 sensitive way. This proposal takes every
5 opportunity to capitalize creatively on
6 both of those objectives.

7 That's it. Any questions or
8 thoughts?

9 COMMISSIONER CAMERON: It's apparent
10 your group of esteemed leaders were
11 impressed with what they saw here.

12 CHAIRMAN CROSBY: Yes, yes. And it
13 became more so as we sort of got deeper and
14 deeper into it and understood it. I will
15 say this when we're talking.

16 COMMISSIONER MCHUGH: I think this
17 is very thoughtful and very helpful. I'm
18 interested in though question two. You
19 talk about city integrated resorts and
20 destination resorts. We've heard
21 descriptions of this proposal as a regional
22 resort.

23 Can you expand on that a little bit,
24 your groups thinking on what this is?

1 Maybe it's a little bit of both.

2 CHAIRMAN CROSBY: Well, these are
3 all terms of art for sure and they're
4 revolving terms of art. This is a regional
5 resort. There is no getting around it.
6 This is a regional resort. They don't
7 talk -- as Commissioner Stebbins, I think,
8 said, there is not much about their
9 international marketing. There's a little
10 bit about trying to leverage their
11 international relationships and their
12 M-life network and so forth.

13 But they are straightforward to say,
14 "This is a regional facility," period. But
15 a regional facility can be outward looking
16 or inward looking or it can be city
17 integrated or not. It can even be to some
18 extent a destination.

19 This is unlikely to be a place where
20 bus loads or plane loads of folks are going
21 to be coming from China and Japan to spend
22 a lot of time. Might be a little bit of
23 that, but it's not going to be that level
24 of destination resort. And I don't think

1 they -- I mean, certainly from their
2 application they don't see it as that.

3 But even within a context of a
4 regional facility, you can have features
5 which make it something other than just a
6 place to go play the slot machines and that
7 is the meaning of a destination resort in
8 this place.

9 This is a place where you might very
10 well go to spend a weekend with your
11 family. It's a place that will encourage
12 you to come to Western Mass., to get
13 Western Mass. benefits. It has elements.
14 It has enough appeal that it has elements
15 of being a destination resort even within
16 the regional context. It's a little fuzzy,
17 I know.

18 COMMISSIONER MCHUGH: I was asking
19 that question in the context of the statute
20 about the destination resort.

21 CHAIRMAN CROSBY: Right.

22 COMMISSIONER MCHUGH: And I'm not
23 trying to suggest that there is a
24 distinction between a regional resort and a

1 destination resort because, I think, there
2 really isn't but I just wanted to explore
3 that.

4 CHAIRMAN CROSBY: And I don't think
5 the distinction is really between the
6 destination and the region so much as the
7 whole environment of the product, you know,
8 and who are you appealing to, how are you
9 appealing to them, how do you integrate
10 with the rest of your environment.

11 But, you know, the very, very
12 highest end destination resort was probably
13 a little bit of a missional in the
14 legislation, and that's an aspiration which
15 is not attainable for any of our facilities
16 probably with possibly the exception of
17 Region A.

18 COMMISSIONER ZUNIGA: That's very
19 much the way we looked at it and thought
20 about it in finance as well. I didn't much
21 mention it in my presentation yesterday.
22 But with their proposal, I really believe
23 they know who their market target is. And
24 they reflected it in their financial

1 projections, and it all jives with their
2 marketing and operational plans.

3 And I would take a position that
4 recapturing money that currently leaves
5 this state and capturing money that is
6 elsewhere, notably in Connecticut for this
7 facility, made this in my opinion a
8 destination facility. Because, you know,
9 not a destination from the world
10 necessarily, which is your point and I
11 agree with, Mr. Chairman, and there will be
12 some of that.

13 But the focus, the strength and the
14 strategy comes from a broad regional market
15 area. And that represents in my view also
16 a very significant economy gain to both the
17 city and certainly the state.

18 CHAIRMAN CROSBY: No question about
19 it. Interestingly, the one person in my
20 advisory group who was the most optimistic
21 about this facility being able to be a
22 destination resort in the higher sense was
23 Theresa Cheong, who's actually from Macau.
24 And she talked about this being an

1 attractive enough option that she thought
2 that travelers, Chinese travelers to Boston
3 would consider adding a few days to their
4 visits to come to this facility and see
5 Western Mass.

6 So, she had probably the most data
7 driven view and she was more optimistic
8 about it than anybody else, which may have
9 something to do with the MGM proposal for a
10 hotel, too. They see a synergy here as
11 well, a hotel in Boston.

12 COMMISSIONER ZUNIGA: There's also
13 the convention business, which makes that a
14 much larger market area of capture. When
15 we went to -- Commissioner Cameron and I
16 went to Las Vegas to visit many of the
17 properties from MGM, we had the opportunity
18 to talk about the VP for -- I am going to
19 forget his title -- but he's the one in
20 charge of the convention business.

21 And he was talking very convincingly
22 how these would become one more of the
23 product offerings that they can have, they
24 can offer their convention business. And

1 conventions they get a lot of repeat
2 customers and sometimes may want to try
3 something different one year to the next
4 relative to size and destinations.

5 And that could certainly be, you
6 know, you can certainly imagine with their
7 partnership with the MassMutual Center, you
8 know, the ability to bring in conventions
9 that currently don't come to Western Mass.
10 because of the network of salespeople and
11 client base and databases that they have
12 from around the United States.

13 CHAIRMAN CROSBY: Right.

14 COMMISSIONER STEBBINS: I'm just
15 picking up on the destination question and
16 the convention opportunities and what we
17 found interesting was some unique market
18 they planned a target for that type of, you
19 know, conventions and meetings and, again,
20 it's good to hear their message of, you
21 know, offering the folks that they
22 regularly do business with some additional
23 opportunities or changing up the scenario
24 every year to maybe try someplace

1 different.

2 I had a question more to, you know,
3 how you work with your group. I should
4 have probably asked this question the first
5 you reported when we did the Category 2
6 applications.

7 But do you find because of the
8 diverse background of the people that of
9 your team that some people tend to focus in
10 and participate more in discussion on
11 certain questions than others or is it kind
12 of equal contributions from everybody
13 regardless of their background?

14 CHAIRMAN CROSBY: Yes, not very
15 much. I did take the eight questions and
16 give them out to each of the people in the
17 advisory group to do an initial sort of a
18 deep dialogue. And Ruth Ellen Fitch took
19 the diversity issue, and she has always and
20 still is very, very sensitive to, you know,
21 will we be able to accomplish the mission
22 of employing really hard to employ
23 demographic groups.

24 And because of her life experience

1 and her work academic, she's particularly
2 concerned about, you know, young to
3 middle-aged African-American men. And
4 she's -- you know, for her that is a
5 coarct, which is deeply problematic from
6 lots of standpoints.

7 So, she focused quite a bit on this
8 and I actually had her talk with Jill,
9 Director of Diversity and Supplier
10 Development, to give some other thoughts.
11 But except for Jill, no, everybody -- I'm
12 sorry. Except for Ruth Ellen, everybody
13 reacted generically across.

14 It was very interesting because the
15 different perspectives made had brought
16 different reactions from people and
17 different life experiences made it for a
18 very rich conversation. But there wasn't
19 any particular focus by people because of
20 their background other than that one.

21 And, again, Theresa Cheong, you
22 know, was able to talk about the Asian
23 market with a little more authority, you
24 know, being an immigrant from China, from

1 Macau, she was able to talk about the Asian
2 community with more authority than anybody
3 else.

4 Anyone else? Thank you.

5 COMMISSIONER CAMERON: Thank you.

6 COMMISSIONER MCHUGH: Thank you.

7 CHAIRMAN CROSBY: Okay. I think
8 next on our agenda is to go back to the
9 applicant and staff to see whether there
10 were any other factual issues that needed
11 to be attended to from these last two
12 presentations.

13 COMMISSIONER ZUNIGA: We need to
14 perhaps break for lunch and allow some of
15 that discussion to take place.

16 CHAIRMAN CROSBY: Yes, it's noon.
17 If you want time to talk with staff about
18 that, you're welcome to it. If you can --

19 COMMISSIONER MCHUGH: There's one
20 that I've already been alerted to from
21 Mr. Ziemba.

22 Did you, Mr. Mathis, want to say
23 what it is?

24 MR. MATHIS: I would. Thank you,

1 Mr. Chairman, Commissioners. I want to
2 start with a couple of apologies and then a
3 compliment, if I can.

4 First to Commissioner Stebbins, the
5 marketing agreement I referenced when I did
6 my clarification we did in fact execute
7 but, I think, that came after the deadline
8 for the submission. So, the reason you
9 didn't know about it is because we didn't
10 provide it to you. It's, otherwise, a very
11 complete and very good presentation, so
12 thank you for that.

13 And I want to apologize to,
14 Commissioner McHugh, I was outside when the
15 proceedings commenced. And as you recall
16 from yesterday, I wanted to get a
17 confirmation on one of the elements of the
18 historic commission's -- Springfield
19 Historic Commissions confirmation of our
20 agreement.

21 So, the 95 State Street item we've
22 confirmed that our presentation, our
23 commitment to them was to preserve the
24 three levels of the facade. I didn't

1 recall that we had made a hard commitment
2 as to that lobby, the Art Deco lobby. And
3 if that is in fact the case, I don't
4 believe we made that type of commitment.

5 It happens to be the operationally
6 the part of the food court, and I think
7 that was the concern about going from the
8 facade into that interior. So, I
9 understand while I was outside getting that
10 confirmation that you made a comment about
11 the beauty of that lobby and I personally
12 agree with you and wanted to go back and
13 revisit that with our team.

14 But what I would say about the
15 historic commission correspondence back and
16 forth, as we stand behind our June 5th
17 presentation, I think it was about a 50
18 page detailed presentation, the historic
19 commission then sent a letter recently
20 confirming what they understood that
21 commitment to be. We would stand behind
22 the June 5th presentation. I think their
23 confirmation letter is probably 95 percent
24 accurate. But certainly our document was

1 perhaps a little more nuance, and the only
2 substantive disagreement may be over that
3 lobby but that's that.

4 I'd like to go back and revisit an
5 additional effort to perhaps incorporate
6 that lobby into the food court and see what
7 we can do. But, you know, like anything
8 else, you want to make sure that we don't
9 overpromise and under-deliver on that
10 score.

11 And, lastly, to all the
12 Commissioners, I was incredibly impressed
13 with the presentations by you and your
14 teams. I thought we knew our project
15 better than anybody. But in some ways, I
16 think you know our project better than
17 anybody. And the way some of the
18 information was presented, I wish we had
19 during the campaign trail because it's
20 really interesting to see a different
21 perspective in some of the things that you
22 focused on that we didn't. But I really
23 commend you and your team.

24 I didn't find anything certainly

1 materially wrong or at all inaccurate. I'm
2 very impressed with the level of detail on
3 all of this. So, thank you for the time
4 and effort you put in to review those 7,000
5 pages.

6 CHAIRMAN CROSBY: Thank you.

7 COMMISSIONER MCHUGH: Thank you.

8 CHAIRMAN CROSBY: So, it's noon.

9 Shall we do a quick lunch, and then we will
10 come back and begin our deliberations. I
11 guess we should make it an hour, so make it
12 an hour. So, we will reconvene at 1:00.
13 This time we will try to be on time.

14
15 (A recess was taken)

16
17 CHAIRMAN CROSBY: We are reconvening
18 meeting 123, and we are now to the point
19 where we need to deliberate on the
20 evaluation that's been presented. And, I
21 think, maybe for starters why don't we just
22 each sort of give a sense of what your
23 state of mind is on where we're at, any
24 particular issues that you see.

1 Anybody want to start?

2 Commissioner? Go for it.

3 COMMISSIONER CAMERON: The one thing
4 that struck me was in all five
5 presentations -- we all mentioned this a
6 number of times -- was the outward looking
7 design concept, the integrated, the
8 attention to, you know, things that weren't
9 here in the city, how to compliment other
10 pieces whether they be performing art
11 centers, you know, the fact that there was
12 no cinema or bowling alley and that was a
13 thoughtful piece to add to their project.
14 So, each of us in our own way commented on
15 the outward design.

16 But what struck me when I started to
17 think about it was that's a security
18 challenge. That's a safety and security
19 challenge in the urban environment. And I
20 just started thinking about, you know, and
21 this hopefully, this approach should assist
22 everyone, meaning I really do look forward
23 to Springfield city police, Massachusetts
24 State Police and the applicant security

1 working closely together.

2 That's a lesson learned from
3 Atlantic City where there were security
4 challenges as well and those three
5 different groups did not coordinate their
6 efforts, you know, security with a casino
7 that's a force multiplier if used
8 effectively for police agencies.

9 I did take note of MGM's -- because
10 one of the things they are doing more of in
11 Las Vegas is more outside entertainment,
12 outdoor, which is a security risk. And I
13 noticed bike security and other robing
14 kinds of security, which will be really
15 important.

16 I was making note of Commissioner
17 Stebbins thought about keeping people in
18 the city once they have employment. And,
19 again, that gets back to security as well
20 as schools. So, I was really thinking
21 about the fact that this city and, you
22 know, and their wisdom working with MGM did
23 put significant amounts of money toward
24 policing and schools. And those really are

1 the things that will keep people in the
2 city, if, you know, they are safe in their
3 neighborhoods and their kids can go to a
4 decent school.

5 So, I was just thinking about the
6 one piece that all of us commented on was
7 the integrated approach and in thinking
8 what we all need to do collaboratively in
9 order to make that successful.

10 We have an interest in making that
11 successful. MGM does as well as the city.
12 So, that was just something that struck me
13 in thinking how we all were impressed with
14 that approach.

15 CHAIRMAN CROSBY: Go ahead. I was
16 going to ask her something about that.

17 Does that lead you to either to a
18 condition or to some kind of -- it's really
19 an interesting observation, and I hadn't
20 thought about that consequence of this kind
21 of a strategy.

22 COMMISSIONER CAMERON: People will
23 hesitate to come if they hear stories about
24 a lack of safety.

1 CHAIRMAN CROSBY: Right.

2 COMMISSIONER CAMERON: And it does
3 get back to the point about folks staying
4 in the city. So, an integrated approach to
5 keeping it safe and secure is a really
6 critical piece to the collective ideas here
7 that we don't know if this will be
8 successful. We hope it will be. I think
9 we'll all be invested in that, and just one
10 of my thoughts when I listened to each one
11 of us talk about how from our own category
12 we were impressed with that approach.

13 CHAIRMAN CROSBY: That's very
14 interesting.

15 COMMISSIONER ZUNIGA: Yes, that's an
16 interesting point. I think you are
17 alluding to two key aspects of that, and
18 there is a design element and there's an
19 operational element of course. What I
20 remember what from what is happening in
21 some of the properties in the Las Vegas
22 strip where there has been some creation of
23 plazas and more walkway because of some of
24 the foot traffic that now the casinos can

1 benefit. There has been some retrofitting
2 of some retail and restaurants, and they
3 provided great examples when we went out
4 there.

5 But key to that point is that some
6 have access to the casino and some do not.
7 And that's probably the way that the
8 retrofitting is happening over there,
9 because they have an existing structure.

10 It wasn't clear to me from the
11 drawings because these are, after all,
12 conceptual drawings and I know there will
13 be a lot more design and development. Some
14 of it probably formed or guided by our own
15 regulations when it comes to access to the
16 casino floor, for example, as to what the
17 access points would be, you know, from all
18 the retail that surrounds the casino from
19 the plaza in the back.

20 So, whether that becomes a condition
21 or a -- maybe not a condition but really
22 something to monitor as the design
23 continues to be developed, you know, access
24 points are going to be a critical piece

1 first into the whole facility and then also
2 into the casino and the hotel.

3 And because that also has an
4 operational cost. If, for example, that we
5 came up with regulations that -- a
6 regulation that no minor would ever be in
7 the casino floor, then there would have to
8 be cornered of that whole area, the gaming
9 area and --

10 COMMISSIONER MCHUGH: Have to be
11 what?

12 COMMISSIONER ZUNIGA: All of that
13 area would have to be monitored, cornered
14 off and monitored for constant access. And
15 there is, you know, every entry point would
16 have to have a monitor, a person checking,
17 you know. Again, all of that could be
18 stipulated in regulations and body, but it
19 would have to also then be reflected in how
20 they further define -- refine rather their
21 design.

22 COMMISSIONER CAMERON: I'm sorry, go
23 ahead.

24 COMMISSIONER MCHUGH: But I'm not so

1 sure that that's the case. There was one
2 slide that I showed that showed the nine
3 direct points of entry into the casino.
4 There are eight others that go through
5 retail, and there is in the application of
6 the drawing that shows where they are. And
7 then there are two on Main Street that go
8 to the apartments and from the apartments
9 you can get into the casino, so there is a
10 total of 19 entry and exit points into and
11 out of the casino. And that is it seems to
12 me the sort of inside-out concept that they
13 are, they are touting.

14 This is unique. And it also ties
15 into the connectivity issue that we asked
16 about in the overview question, and that we
17 constantly referred to in our discussions.

18 We went down to Mohegan Sun, and we
19 saw how they did the security pieces. And
20 their approach to it was to have roaming
21 patrols and not have uniformed people at
22 the entrances to the floors and have way
23 finding those turtles that told you when
24 you were in the rugs, that told you when

1 you were on a place where everybody could
2 go and a place where you had to be over 21.

3 So, it seems to me there are a
4 number of ways to deal with the security
5 issues, and now is not the time to get into
6 them. I agree with the security issue and
7 if there is a security problem that's
8 greater than if you only have one entrance
9 or two. On the other hand --

10 CHAIRMAN CROSBY: She's talking
11 about a different kind of security.

12 COMMISSIONER CAMERON: Yes, I really
13 am. I don't find that particular -- that
14 there are strategies to deal with many
15 entrances. I don't think that will be
16 problematic at all. I was thinking on a
17 much larger level how invested we all
18 should be in this city and in keeping the
19 whole project, whether that be trollies
20 from one location to another.

21 And, I guess, I was encouraged
22 because I just don't know that this has
23 been done. You know, we have research and
24 one of the things that we are looking at is

1 crime rate baseline and then how does that
2 change once we're in operational mode. And
3 I was encouraged because of the set up a
4 meeting down in Plainville with Penn folks
5 and all the police chiefs, the state police
6 and everybody was really, really
7 enthusiastic about working together and
8 they were happy to be asked for their help.

9 So, I just think that that model
10 coming to Springfield is -- you know, I'm
11 not at all, I'm not at all using this as a
12 negative. I really am using it as a
13 positive that, I think, all the pieces are
14 in place and people are very willing to
15 work collaboratively here to really address
16 the concerns and real-time informational
17 help. And, so, I just -- it just was a
18 thought I had. It's not really in no way
19 did I mean that as a negative or that we
20 should consider making changes.

21 We all really like the outward
22 looking approach and all of the amenities
23 being, you know, you don't -- if you want
24 to go bowl, you don't have to go into the

1 casino. We looked at all of that. But I
2 just think the -- for it to be successful,
3 this is a piece we need to pay attention to
4 and work collaboratively and I'm encouraged
5 that we will be able to do that.

6 COMMISSIONER STEBBINS: Just to
7 follow-up on that point. This is maybe
8 getting too far down into the weeds. But
9 do you actually see an opportunity for the
10 MGC personnel that are going to be on site
11 and what their role is in that overall
12 security capacity?

13 COMMISSIONER CAMERON: They have
14 primary responsibility. Our state police
15 have primary responsibility within the
16 gaming establishment.

17 COMMISSIONER STEBBINS: Within the
18 casino, right.

19 COMMISSIONER CAMERON: Within the
20 gaming establishment. But I'm also
21 encouraged by conversations I've had with
22 the state police, the amount of what they
23 have done to go prepare themselves, the
24 training, the site visits and their

1 willingness to really work well with local,
2 state, federal and we have seen examples of
3 that already. So, I didn't mean to get way
4 off track here but I just --

5 CHAIRMAN CROSBY: It's a very
6 interesting observation.

7 COMMISSIONER CAMERON: It just hit
8 me that we all each appreciated that design
9 feature and all of those amenities in
10 thinking that that really is something.
11 But then it just got me to thinking about,
12 okay, so how -- what's our role in helping
13 to make that successful.

14 COMMISSIONER MCHUGH: I thought
15 about that same thing from a different
16 perspective. I was trying to think of if
17 we listen to issues of the license but why
18 are we issuing the license? And we are
19 issuing it, of course, because of jobs and
20 revenues. Those are the primary things
21 that, I think, you know, that that lies at
22 the heart of it.

23 But this is much more than,
24 potential much more than, I think, than of

1 jobs and revenue producing pure and simple.
2 It has the potential, as we all talked
3 about this in one way or another, it has
4 potential to leverage, to use and overuse
5 the word "revitalization" a part of the
6 city that has been terribly devastated.

7 And as I walked around particularly
8 in the last -- not walked around, maybe 15
9 or 20 times around the area, and I see more
10 and more of the potential for that to
11 happen, and it happens from the outward
12 looking features of the facility.

13 The fact that you have a central
14 attraction that's going to bring two to
15 three thousand people a day 24 -- almost
16 24/7, 365 days a year to the core area, the
17 potential to draw people in from other
18 areas and that whole energy created by
19 people both inside the building but mostly
20 outside the building has itself a potential
21 to increase safety and assurance and
22 energy.

23 I mean, you think of the Seaport
24 district. You think of, you think of some

1 of the other areas where people are around
2 all the time.

3 I was in DC in 1970 when they were
4 building the subway system through the
5 center of town and they were building it
6 through some really, really tough sections
7 of the city. But the fact that there were
8 construction crews and lights there working
9 during the day and during the night began
10 to bring people back. And the construction
11 process itself began to allow restaurants
12 to spring up.

13 And it completely changed sections
14 of the city so that when the construction
15 was done, there was enough infrastructure
16 in place and enough people in the place
17 that the crime rate had virtually -- it
18 didn't disappear but it went way, way down.
19 And it seems to me this has the same
20 potential.

21 You're going to the theater. You go
22 to a restaurant here or a restaurant that
23 will be built around it. You are going to
24 the hockey game. You do the same thing.

1 You're going to any of the downtown
2 attractions and the fact that these
3 amenities are there will draw more people.

4 So, that's why it seemed to me in
5 the end I was -- that was one of the main
6 things I was thinking about was as I
7 thought about why a license is being issued
8 if we decide to issue it, that potential
9 and that beyond jobs and revenue, the
10 leverage effect that this potentially could
11 have.

12 COMMISSIONER STEBBINS: In their
13 application there was a specific reference
14 following up on your point of broadening
15 the economic spinoff and coincidentally
16 enough talking about construction. And
17 right across the street from where a lot of
18 the development is going to be, they
19 pointed to a pub restaurant and they've
20 actually gone in and engaged the owners to
21 say, okay, when we have so many hardhats on
22 this location here's a way to position
23 yourself to be the lunchtime destination
24 for all these hardhats that are going to be

1 downtown with some money to spend.

2 So, looking for what the opportunity
3 is not only going to do just to the
4 footprint of the site but potentially in
5 the area around it. And, I think, in a
6 host community agreement, there is some
7 mention that money is being set aside for
8 economic development. And I would assume
9 that our applicant will want to be engaged
10 in, hey, let's find some creative ways to
11 maximize that money in the local
12 neighborhoods, again, to have the spinoff
13 kind of reach just beyond the immediate
14 footprint of the project site.

15 But to offer that, you know, MGM is
16 certainly qualify them as probably a
17 company with good branding and marketing
18 expertise and be able to offer that
19 technical expertise to a neighboring
20 business to benefit from the impact of it.
21 Even just the construction phase kind of
22 says a lot to me about the applicant
23 itself.

24 COMMISSIONER ZUNIGA: Well, I had a

1 similar feeling and a very similar but in
2 this context I started to -- as I sat
3 through read, prepared for yesterday and
4 today and then sat through the
5 presentations, a couple of the ratings
6 struck me as lower than I would have
7 anticipated. And from this perspective, a
8 couple of the ratings, not the ones that I
9 presented, but some of the others just to
10 clarify the point.

11 But this gets to perhaps the notion
12 that the sum is much more than all of the
13 parts or the whole is much more than the
14 sum of the parts as perhaps the saying
15 goes.

16 What I saw in from looking at
17 inside-out and the integration, urban
18 integration concept, from a financial
19 perspective, it brings some risk in the
20 context of there is some additional costs.
21 There is an incremental cost in rehabbing
22 buildings with different systems, with
23 different materials. There will have to be
24 higher levels of contingencies because

1 there may have to be, you know, some
2 troubleshooting that is obviously not
3 currently anticipated.

4 There may have to be some
5 contingency relative to timing. Because if
6 somebody was building just one structure,
7 the fortress, if you will, the fortress
8 concept, it will probably go a lot
9 smoother, you know. Again, there could be
10 an unanticipated events in any construction
11 job. But the more elements, the more
12 differences in between buildings and around
13 the block that exist, the more cause that
14 they may be associated with it.

15 So, from a returning investment
16 perspective, I was satisfied that -- we
17 were satisfied that the team from finance
18 that there is a great understanding of the
19 market and the operations and to get all of
20 that investment return.

21 But to what I thought was perhaps a
22 risk on the finance side, I imagine would
23 be a real positive on building site design
24 and tourism because, you know, it is all

1 inside-out. I understand the concept of
2 revitalizing the Main Street. That there
3 is this ripple effect that can come to the
4 block nearby and the block beyond.

5 So, there is a rational. And then
6 I'm really confident that marginal cost,
7 the extra cost that's associated with it
8 has this great audacity on this other
9 criteria. So, that was my initial -- I
10 don't know if we are going to go back and
11 re-rate some of these. I don't think it's
12 necessary.

13 I think also the unique position
14 that we're in with only one applicant may
15 have at this point may have the effect of
16 us really thinking hard about each one of
17 these ratings in the abstract but in the
18 whole, which is, I guess, is the point that
19 we are all getting to, there is a real
20 positive in my view.

21 COMMISSIONER CAMERON: I know where
22 you are going with that. We rated them
23 very good, by the way, which is an
24 excellent rating. But you're talking about

1 individual ratings I realize. And I agree
2 if there had been competition here, this
3 particular applicant probably would have
4 shined in a lot of areas. Where there is
5 no competition it's hard to, it's hard to
6 compare. But, I think, that's where you
7 are going with that.

8 COMMISSIONER ZUNIGA: At this point
9 --

10 COMMISSIONER MCHUGH: I'm not sure
11 that I do understand.

12 COMMISSIONER ZUNIGA: I'm sorry. I
13 do emphasize that it is at this point we
14 talked about and the applicant has talked
15 about that this has been indeed a very
16 competitive process up until now. The fact
17 that the City of Springfield, which you
18 alluded to, Mr. Chairman, initially
19 conducted its own competitive process
20 initially quite possibly resulted what we
21 have here today being a really good
22 proposal for the city.

23 It really looks like they took
24 everything the city was looking for and

1 incorporated it into their application and
2 into their design as it continues to
3 evolve.

4 CHAIRMAN CROSBY: Make the point.

5 COMMISSIONER ZUNIGA: I was just
6 making a point -- about to make a point
7 that I was thinking about I take myself
8 back to the very first time that this city
9 announced that it was going to conduct its
10 own competitive process. It was early in
11 our process, in all the process.

12 And I remember very vividly that
13 after one of our meetings someone in the
14 media came to the chairman and I was
15 sitting right next to him and they said,
16 "Can they really do this; can the city
17 really do this?" And I remember that's
18 exactly my own thought. Can they really do
19 this?

20 We need to go back and check, let me
21 check, first of all, the gaming act and we
22 did. And let me check the procurement laws
23 that I'm familiar with, Chapter 30B, and
24 others and, you know, lo and behold they

1 could and they did.

2 Fast-forward to today and, you know,
3 we have before us an application that is
4 very much what the city wants in terms of
5 economic development for the whole area,
6 not just something that ties the amenities
7 that are indeed here and perhaps a little
8 underutilized. Maybe that's not the right
9 word.

10 They could really be enhanced by
11 some of the points that made before and we
12 made before relative to the things like the
13 trolley and the promotions and the
14 agreements and the underwriting of certain
15 events.

16 So, I'm very pleased now looking
17 back at that process, that competitive
18 process of the office of the mayor and look
19 at it from an entirely different, very
20 pleased perspective.

21 COMMISSIONER MCHUGH: That's
22 interesting.

23 CHAIRMAN CROSBY: I mean, I agree
24 with that. I agree we were all perplexed

1 by that idea and at first resistant to the
2 idea. And I do think it's important that,
3 and we can say this at a more public time
4 as well, but I think the city deserves a
5 lot of credit. I mean, they really thought
6 through what they wanted. The competition
7 seems to have been a really not only
8 legitimate but a really instructive
9 process. They get a big amount of the
10 credit for us feeling as good about this
11 proposal as we do.

12 I think to a certain extent we've
13 all sort of wrestled with not wanting to
14 talk effusively about the proposal until
15 finally we got to this point where now we
16 can make judgments. But I'm thinking about
17 it as in the context of the whole gambling
18 business in Massachusetts.

19 I mean, this lull is 20 years, 30
20 years in coming. It was a matter of
21 substantial debate. It still is. This
22 will be our first award, our first casino
23 license award and there -- I think you can
24 generalize the resistances to casino

1 gambling in three categories.

2 One is traffic essentially, you
3 know, all the associated issues. And this
4 proposal deals with that as well as could
5 possibly. The combination of the location
6 plus the other -- so that issue, I think,
7 is not an issue.

8 There is the belief, and this is an
9 anecdotal belief, but widely that
10 frequently a casino sort of sucks the life
11 out of the surrounding community. Our
12 legislation made it clear that that was not
13 the intent here and this proposal rebuts
14 that negative perception and presumption
15 about as powerfully as any possibly could.
16 We will have to see what happens.

17 But I can't imagine a proposal that
18 is more attentive to the issue of spreading
19 the wealth and sharing the wealth and
20 contributing to general revitalization in
21 this one, so that issue is powerfully dealt
22 with.

23 The third issue that troubles people
24 about casino gambling is problem gambling,

1 and it's a big concern. It, too, is often
2 based on anecdotes, not data. But we are
3 going to fix that one for sure. We are
4 going to have incredible baseline data and
5 incredible longitudinal data about the
6 issue of problem gambling. And we will
7 have the resources to address it way beyond
8 the resources that have ever been available
9 to any state, any gambling jurisdiction
10 for.

11 But the one area that MGM scored the
12 lowest on was its response to the problem
13 gambling issues. And, I think, I can
14 characterize it accurately as saying, I
15 guess, you led to this but tell me if I'm
16 wrong. But basically what I got from you
17 was that they do what they have to do.
18 They comply with sort of the conventional
19 norms. But your bullet point said that
20 they were not proactive and aggressive and
21 they are distinctly proactive and
22 aggressive on practically everything else.

23 So, that leads me to several things.
24 Number one, I hope that MGM will put its

1 mind to being as proactive and aggressive
2 in dealing with this issue as it is
3 everything else.

4 Now, there is a big problem in my
5 mind. I remember the first educational
6 forum we ever heard. I asked the head of
7 the AGA, "What percentage of a casino's
8 revenues comes from problem gamblers?" He
9 said that he didn't know and nobody knew.

10 You hear numbers everywhere from the
11 sort of standard two to five percent that
12 you hear of problem gambling, potential
13 problem gamblers to some of the Canadian
14 studies have 30, 40, 60 percent of the
15 money coming from problem gamblers. We
16 don't know what it is.

17 If it's anywhere like that, then we
18 got a big, big problem. But assuming that
19 it's more in the single digit numbers, we
20 will have the resources to deal with that.
21 I bring that up because I don't know and I
22 don't mean this about MGM. I don't know
23 the extent to which the industry
24 self-interest is subverted by truly

1 attending to problem gambling. I simply
2 don't know.

3 It purports to say that it is
4 committed to making -- to minimizing
5 problem gambling and, I think, you know, in
6 good-faith that probably is meant to be
7 true. But I don't have any data that can
8 tell me the extent to which really
9 aggressive problem gambling truly hurts the
10 industry's bottom line.

11 So, the net of that is three things.
12 Number one, I think on two of the three
13 potential resistances to bringing expanded
14 gaming to Massachusetts this proposal does
15 extraordinarily well and basically
16 neutralizes them totally.

17 On the third, we will be working
18 together on this but this is a
19 distinguished company, I think. Everything
20 that we have seen. When we visit them, the
21 people that we have met, the way they, you
22 know, their standards, their customer
23 service, their dealing with their
24 employees, their hiring and training

1 practices on and on and on. This is a
2 distinguished company, and I hope they will
3 be distinguished in this area as well.

4 Having said all of that, I think
5 this is a really outstanding proposal. I
6 think this is everything that the
7 legislature fantasized for when it was
8 putting together this law. It is a
9 quality -- I mean, nothing is perfect and,
10 you know, I am very well that these folks
11 are in the sales mode right now. Everybody
12 is in their best behavior.

13 Someday somebody's going to start
14 looking at the bottom line and say, "Wait a
15 second. That's the real world. That's
16 going to happen." But we can only judge
17 people by their behavior.

18 We're not going to judge them by
19 their perspective behavior. And by their
20 behavior and their proposal what we have
21 seen, what we know, this is a distinguished
22 company with a distinguished proposal that
23 is everything the legislature and the
24 governor could have asked for.

1 COMMISSIONER ZUNIGA: Can I speak to
2 one of those points? The one about problem
3 gambling, I think we have a very active
4 role to play, which was part of
5 Commissioner Cameron's point yesterday in
6 your response, Mr. Chairman, and I
7 completely agree.

8 They will do, you know, what we
9 require them to do and, I think, that is
10 the nature of that dynamic, you know, when
11 it comes to, when it comes to this issue.
12 I know it goes beyond just following a set
13 of rules and that also plays into their
14 character and approach as a company that I
15 will speak to in a minute.

16 But, I think, we have all the tools,
17 as you mentioned, to get a lot of baseline
18 data. We are already -- those efforts are
19 already being taking place. There is many
20 nuances in our legislation that direct us
21 to address and enable us to address many,
22 many of the issues. And we will make
23 recommendations to the legislature and
24 inform our own regulations based on a lot

1 of that research.

2 But there is also, there is also
3 important aspects that indirectly but
4 importantly touch on, you know, the issue
5 of problem gambling, which I see something
6 that has been happening with MGM especially
7 but other companies, national companies or
8 international companies as well, which is
9 this shift into really the entertainment,
10 the hospitality business where gambling is
11 only one of the components. It's not the
12 only one. It's not the principal driver.

13 CHAIRMAN CROSBY: It's not the
14 principal driver.

15 COMMISSIONER ZUNIGA: It's not in
16 Las Vegas.

17 CHAIRMAN CROSBY: Oh, Las Vegas.

18 COMMISSIONER ZUNIGA: It will be
19 here to begin with. But if this is
20 successful -- actually, we spoke to this
21 yesterday. Part of their business strategy
22 is driving customer visitation with much of
23 the amenities that they have. And, you
24 know, there's elements that touch on that.

1 There's numbers relative to comps that we
2 cannot really speak to in detail. But many
3 things like that, I believe, have an
4 indirect effect of not having to rely
5 entirely on the gamer and, therefore,
6 providing a better experience to the
7 customer.

8 COMMISSIONER CAMERON: And I just
9 would like to add that it's accurate that
10 their written response was not as robust as
11 we would like it to have been when it comes
12 to answering the questions regarding
13 problem gambling. But, no, that is a
14 written response. I like to see action.

15 And our director, Director Mandolin,
16 is very pleased with -- it isn't about
17 we'll do what you want. They are an active
18 voice in working on that framework which
19 will then guide the regulations. So,
20 that's important to me, and I think we need
21 to note that that it's not okay.

22 The written response may not have
23 been as thorough but the fact that they are
24 now actively involved. So, it's not like

1 we will just do whatever you tell us. They
2 really are part of the process, which to me
3 demonstrates a commitment in this area.

4 And, you know, Mark is tough. We
5 all know Mark. He's tough with this issue,
6 but he's very pleased and that's how he
7 reported this to me.

8 CHAIRMAN CROSBY: That's great. I'm
9 glad to hear that.

10 COMMISSIONER STEBBINS: I want to go
11 back and touch on the issue around rating
12 not just as it relates to the problem of
13 gambling question, but I think as a whole
14 we are tough graders. I think, there was
15 one or two questions in all of the
16 evaluations I have done at this point that
17 we gave them an outstanding.

18 But as I was reviewing the
19 information, my team and I was finding
20 myself in a different place than when we
21 reviewed the Category 2s. Category 2s we
22 all know can be open within a year. They
23 had a lot more details, programs,
24 arrangements, partnerships, detail laid

1 out, signed, sealed, delivered part of the
2 application because their timeline was
3 much, much shorter.

4 And it played out in reviewing MGM's
5 application. I'm assuming it will play
6 itself out in reviewing the other
7 applicants for the casino licensing where
8 some of those business partnerships are
9 things that they have the expansive a two
10 year construction window to begin to
11 finalize.

12 So, I found myself I could probably
13 score them higher if I was just basing it
14 on past experience. And, again, it kind of
15 brought me back to trying to find a
16 comparable model to evaluate them on and
17 that was Detroit. But understanding that
18 much more in the application was more
19 prospective looking at, well, we did it
20 this way and here is our goal for doing it
21 here and where we might have been looking
22 for more detail.

23 There's a time factor. I guess, it
24 doesn't really need to compel all of those

1 fine details to be organized in part of the
2 application, which, again, was, you know,
3 submitted to us over six months ago.

4 So, in giving very goods, I think it
5 was very good based on experience in what
6 you are telling us what you will try to do.
7 But, you know, be able to rate more things
8 outstanding was difficult only because, you
9 know, we're basing this stuff on track
10 record.

11 We are also basing this stuff on the
12 fact that we're looking at this application
13 as a standalone and not comparing it to
14 another project like we were afforded the
15 opportunity in the Category 2s, and there
16 are some issues.

17 And as I pointed out that I want to
18 kind of continue the monitoring track and
19 it sounds like problem gambling fits into
20 that realm of things where we are going to
21 need to be engaged for the applicant to
22 make sure at the end of the day we are
23 comfortable with what the applicant is
24 proposing, what the applicant is willing to

1 carry out when the door is open maybe two
2 years or two years plus from now. That is
3 something else we all need to focus.

4 CHAIRMAN CROSBY: Right.

5 COMMISSIONER MCHUGH: I agree with
6 the Chairman's characterization of this
7 as -- this proposal as everything the
8 legislature could conceivably have expected
9 a high quality applicant to produce. If
10 you lay what their proposing to do
11 alongside the statutory criteria, I don't
12 think any other conclusion is possible or
13 any other conclusion is possible but I
14 don't think it's reasonable.

15 In so far as the grading is
16 concerned, it seems to me that we have --
17 that we need not worry about that now. We
18 had 217 questions in the application.
19 Obviously not all of those questions were
20 of equal importance.

21 We had criteria that were
22 subcomponents of each of the five aspects
23 of the application and not all those
24 criteria were of equal importance. There

1 were things we wanted to be told about.
2 There were things that had a role in our
3 overall thinking. But the fact that some
4 were rated sufficient or even that one or
5 two were rated insufficient for reasons of
6 typically of documentation rather than
7 objective seems to me that to be at this
8 point beside the point because, I think, we
9 are all agreed that this is a terrific
10 application.

11 So, I'm not that concerned about the
12 fact that any of us graded some in other
13 than the top categories. It's overall a
14 terrific proposal.

15 CHAIRMAN CROSBY: So, shall we put
16 forth a condition -- like, it's pretty
17 clear where we are coming down on the wish
18 to make an award. There are a set of
19 conditions that are standard operating
20 procedure, right, like, the compliance with
21 the long (inaudible). There are several
22 conditions that are SOP, which probably we
23 should be reminded of. But are there any
24 other conditions that we want to take away

1 from this to add to an award?

2 COMMISSIONER MCHUGH: Well, we --
3 I'm sorry, you want to start?

4 COMMISSIONER CAMERON: I was just
5 going to other than those that we mentioned
6 in our presentation?

7 CHAIRMAN CROSBY: Yes. I guess, we
8 should probably because we have to agree to
9 those if we are going to do them. Yours
10 were documented, Commissioner McHugh.

11 COMMISSIONER MCHUGH: I had four
12 that I mentioned. The first was had to do
13 with bus shelters and the text was complete
14 the bus stop and shelter upgrades mentioned
15 in your public answer to application
16 question 425 in a manner that the city and
17 PVRTA determined is consistent with the
18 surroundings and quality of the proposed
19 development.

20 And I mentioned that the idea behind
21 that was to be a sort of talisman for the
22 importance it's placed on the public
23 transportation outreach and outlook that
24 this proposal is capable of in generating.

1 So, I would propose that as a condition.

2 CHAIRMAN CROSBY: I spoke to this
3 one because I would select broaden that to
4 look at the weatherproofing, if you will,
5 of all of the or as much of the Mass.
6 Transit and outdoor areas as possible, and
7 if you could start with the bus shelters as
8 discussed. But I do think it would be just
9 off the top of my head a relatively
10 inexpensive quite substantial addition to
11 the humanity of the place if it was ready
12 to accommodate bad weather better.

13 So, if you could walk from place to
14 place under some kind of roofing, if there
15 was some maybe some of the time there was
16 outdoor, you know, canvas coverings or
17 something. I don't know what you ought to
18 do. I would just like to expand it to
19 think about that more broadly. I think
20 that's a real benefit for people if that's
21 intended to.

22 COMMISSIONER MCHUGH: Well, I don't
23 have any difficulty with expanding that.
24 The trick would be in the summertime

1 walking around --

2 CHAIRMAN CROSBY: I take this back.
3 It doesn't have to be a condition. I mean,
4 they'll think about it and we can bring it
5 up. So, I restated something to think
6 about but it's not a condition, so forget
7 that.

8 COMMISSIONER MCHUGH: And maybe this
9 doesn't have to be a condition either.

10 CHAIRMAN CROSBY: It doesn't really
11 seem like it.

12 COMMISSIONER MCHUGH: But I would
13 like somehow to have us deal with the
14 desire -- the high desirability on public
15 transportation and particularly the buses
16 which are there. It's an easy thing to
17 incorporate into the whole gestalt of the
18 place. That's the idea. I may be just
19 suggesting that and saying we will keep our
20 eye on that as construction proceeds is
21 enough.

22 COMMISSIONER CAMERON: And they are
23 actively working with the transit authority
24 to come up with something that's agreeable

1 to both, not totally in their control.

2 COMMISSIONER MCHUGH: No, and this
3 doesn't suggest that it shouldn't. That
4 it's getting the PVRTA, the city and
5 themselves to agree on this.

6 CHAIRMAN CROSBY: It sort of feels
7 to me like it's an important point. I like
8 my idea too, but it sort of feels like
9 that's in the weeds. It's not really a
10 license condition.

11 COMMISSIONER MCHUGH: Maybe.

12 COMMISSIONER ZUNIGA: I agree with
13 that.

14 CHAIRMAN CROSBY: Why don't you go
15 ahead with your others.

16 COMMISSIONER MCHUGH: The second one
17 is having to do with the planning on the
18 parking garage, and that one is to carry
19 out MGM's plan for mitigating garage
20 massing. And this really is a massive
21 structure, ensure that the completed garage
22 is masonry clad and that the Union Street
23 expressions of the kind, quality and
24 articulation shown from the Bliss Street

1 facade at page four of attachment 400501 to
2 your application.

3 The idea is that, and this may
4 already be there, as I said yesterday
5 during the presentation, there are
6 materials drawing that is part of the
7 application. It's hard for us to
8 interpret. And, so, this may be already
9 part of the plan.

10 But the idea is that the side of the
11 garage that is facing what used to be Bliss
12 Street, what remains of Bliss Street
13 looking toward State Street, the State
14 Street end, if you will, is shown in the
15 diagrams and in the materials diagram are
16 covered in a way that reduces the overall
17 impact in mass of that structure.

18 It's not clear that on the Union
19 Street side the same approach is being
20 taken and to a person the consultants
21 thought it was necessary to do that. So,
22 that's the condition we would like to see
23 imposed.

24 CHAIRMAN CROSBY: It seems

1 reasonable. What about the third?

2 COMMISSIONER MCHUGH: The third is
3 also an important one and that is to
4 coordinate with the Massachusetts
5 Department of Transportation, the Trial
6 Court of the Commonwealth and other
7 interested parties in plans designed to
8 minimize noise and dust and the disruption
9 of parking and business operations during
10 constructions of MGM's Springfield and the
11 plan DOT I-91 viaduct project.

12 I am sure this is going to be done
13 to some extent but, I think, it's important
14 to have it as a condition so that, so that
15 we can make sure it's done with all
16 interested parties at the table. A lot of
17 it's dealt with by regulation, noise, dust,
18 other kinds of things are dealt with by
19 regulation. But there are some really
20 conflicting and competing needs in this
21 area.

22 There is a residential piece,
23 there's the courthouse and the courthouse
24 complex and then there are associated

1 businesses in the vicinity. And the
2 measures taken to deal with one group don't
3 necessarily mesh easily with the measures
4 that are necessary for another group.

5 To take a rough example, you could
6 have pile driving in hours that the
7 courthouse wasn't in use theoretically.
8 It's expensive. It might not be the best
9 way to do it. But if you did that, that
10 would have an adverse impact on the
11 residential neighborhood.

12 So, how you do this and how you
13 minimize this, minimize this impact really
14 is going to require some careful thinking
15 and coordination between all interested
16 parties.

17 MGM to its great credit has offered
18 to and planned to undertake off-site
19 parking to deal with the parking disruption
20 and to build the garage first to get the
21 parking back in place and has undertaken to
22 find three, I think, satellite lots to
23 which people will be directed and then
24 driven downtown.

1 Some care needs to be taken even
2 there, though, to ensure that you've got
3 the right people in the right lots so that
4 the shuttle buses don't carry, for example,
5 antagonists to the courthouse. All these
6 are solvable problems but that they need to
7 be solved. And, so, that's why that
8 condition, I think is important.

9 COMMISSIONER CAMERON: It's
10 reasonable.

11 CHAIRMAN CROSBY: Yes.

12 COMMISSIONER MCHUGH: Enough said
13 there. And then the final condition is one
14 that I am -- that I mentioned when I made
15 it, made the suggestion is one that I'm not
16 sure of and that has to do with the
17 railroad crossing and it has two pieces.

18 MGM should work with Amtrak and the
19 city to determine the level of improvements
20 necessary at the State Street railroad
21 crossing to safety control, pedestrian bike
22 access across the tracks to Riverfront
23 Park. That's part of one.

24 MGM should work with MassDOT city to

1 ensure the pedestrian and bike improvements
2 are made to the I-91 underpasses. There's
3 already commitment to do that, I think. At
4 the end of State and Union Street before
5 the casino is opened, the improvement
6 should be acceptable to all parties and
7 enhance safe convenient and pleasant access
8 to Riverfront Park.

9 To the extent that the second one
10 already is in the plans, just doing the
11 fixing the underpasses is not going to
12 improve access to the park at that end.
13 The access to the park is different at that
14 end, beyond the underpass. There already
15 is a commitment to deal with the underpass.

16 As for the first one, I am not sure
17 that's a burden with which MGM should be
18 settle. It seems to me that MGM's made a
19 monetary contribution to upgrade Riverfront
20 Park. It seems to me it's the city. The
21 city has ideas and the city can and should
22 take the lead on that and enlist the other
23 parties as necessary to whatever solution
24 it deems desirable.

1 COMMISSIONER CAMERON: I would
2 agree, because there are competing
3 interests there. The interest to get
4 people over safely to the park is, frankly,
5 not as big a concern to Amtrak who only --
6 I mean, their concerns are liability, so
7 that's not in their interest to necessarily
8 assist in that matter.

9 CHAIRMAN CROSBY: I agree too. I
10 stated an interest in this yesterday and
11 I've rethought it and I don't really think
12 this is MGM's responsibility. I mean, I
13 can think of part of a solution, great, but
14 I agree with your --

15 COMMISSIONER ZUNIGA: Same here.

16 COMMISSIONER MCHUGH: So I withdraw
17 that one. I withdraw number one and number
18 four.

19 CHAIRMAN CROSBY: Right. So two and
20 three stand. Any objections with those?

21 COMMISSIONER STEBBINS: Just a quick
22 note about the second part of condition
23 four. We saw in the presentation, I think,
24 it was under traffic mitigation is MGM

1 being held to help finance some of those
2 traffic repaving and relining and bicycle
3 access and everything else?

4 COMMISSIONER CAMERON: Yes. And
5 that's part of our standard condition that
6 we used for the slots, you know, adhering
7 to all their commitments, host surrounding
8 all of those commitments, commitments to
9 DOT will enforce a lot of the traffic and
10 upgrades.

11 CHAIRMAN CROSBY: Were there
12 other -- Commissioner, did you have
13 conditions?

14 COMMISSIONER CAMERON: No, mine fell
15 under the standard ones that --

16 CHAIRMAN CROSBY: Right. I don't
17 know if either of you had conditions.

18 COMMISSIONER ZUNIGA: No. I have
19 some thoughts if we get to the discussion
20 about the request that we have before us
21 but I can address them whenever we get to
22 that, when we get to the acceptance of
23 awarding the license. And the others are
24 really just general, the generals that we

1 have relative to monitoring, getting
2 appraised of, for example, the option that
3 they will choose when it comes to the time
4 of financing.

5 They presented two options for
6 financing this project, you know. We will
7 likely go back and look at many of the
8 ratios that we looked at and see what
9 option they proposed ultimately. But it's
10 general to the monitoring of the
11 operations.

12 COMMISSIONER STEBBINS: I just have
13 a couple and some of these are similar to
14 additional license conditions that we
15 attached at the slots part of the
16 applicant, you know, work with our MGC
17 advisory team, abide by all the locally
18 signed agreements created the MGC approval,
19 the affirmative marketing plan for design
20 and construction within 30 days of
21 licensing, 90 days of licensing for
22 operations.

23 Director Griffin had a small license
24 condition to licensee, "Post all job

1 position openings for the Mass. One Step
2 Career Centers," the two career centers
3 here in Pioneer Valley or at least Hampden
4 County are located in Springfield and
5 Holyoke, which are certainly areas of
6 higher unemployment as founded in the rest
7 of the counties. So, I thought that was
8 probably an easy condition to abide by.

9 Again, suggesting that MGM report to
10 us upon the selection of the general
11 contractor and need to review MBE, WBE, and
12 VBE commitments as well as, you know, in
13 fact there will also be a project labor
14 agreement for construction. Again, some of
15 those issues outstanding because, you know,
16 it's certainly appropriate that a general
17 contractor has not been selected at this
18 point. I understood that.

19 We have also heard that again and
20 again this is the largest private sector
21 construction project in the history of the
22 region. I think, there is some concern as
23 to where the GC might come from. How is
24 the GC going to actively engage local

1 construction trades even though a number of
2 those trades have already been in talks
3 with MGM? But, I think, that's a condition
4 that we need to be mindful of. So, that's
5 number one. I don't know if you want me to
6 talk about the other two or we want to have
7 --

8 CHAIRMAN CROSBY: Are those
9 conditions that were on this Category 2
10 license?

11 COMMISSIONER STEBBINS: No. The one
12 I just mentioned about career centers is
13 not one that we imposed upon the Category
14 2s even though the Category 2 licensee is
15 working with the One Stop Career Centers
16 down in their region.

17 CHAIRMAN CROSBY: So, are you
18 proposing these to be conditions for this
19 license?

20 COMMISSIONER STEBBINS: Yes.

21 CHAIRMAN CROSBY: Okay.

22 COMMISSIONER MCHUGH: I'm not sure I
23 understand that the dimensions of each of
24 them. So can we take them one at a time?

1 COMMISSIONER STEBBINS: Sure, I'll
2 go back. I'm sorry.

3 COMMISSIONER MCHUGH: That's all
4 right.

5 COMMISSIONER STEBBINS: Take them
6 one at a time. Again, Director Griffin
7 suggested as a condition of the license
8 that the licensee agrees to post all job
9 position openings with the Massachusetts
10 One Stop Career Centers. It's more of, you
11 know, a service for Massachusetts employers
12 to make job opportunities known to the
13 people who regularly go into a career
14 center looking for new employment.

15 I think MGM and what they spelled
16 out in their application is probably a
17 pretty healthy and robust resources at hand
18 to help get their job opportunities
19 available and out to people and how people
20 can apply for them, you know, predominantly
21 I think electronically. But she asked that
22 that be a stipulation in this license and,
23 again, probably for anybody that we license
24 in the Region A regency after this.

1 CHAIRMAN CROSBY: Okay.

2 COMMISSIONER MCHUGH: So, that would
3 involve simply posting things at one
4 facility.

5 COMMISSIONER STEBBINS: Right.

6 CHAIRMAN CROSBY: But, I think, we
7 can get that done in the affirmative
8 action. It doesn't quite feel to me like
9 it rises to the level of being a license
10 condition on the award.

11 COMMISSIONER STEBBINS: It could.
12 It could easily be, I think, folded into
13 the affirmative record.

14 CHAIRMAN CROSBY: I can't imagine is
15 this anywhere, but I think we can do it at
16 a different level.

17 COMMISSIONER STEBBINS: All right.

18 CHAIRMAN CROSBY: I think license
19 conditions ought to be pretty macro
20 considerations. What's your next one?

21 COMMISSIONER STEBBINS: My next
22 recommended condition of the license is
23 report to Mass. Gaming Commission on,
24 again, on the selection of the general

1 contractor and need to review MBE, WBE, VBE
2 commitments and targets and discussion
3 around a project labor agreement.

4 CHAIRMAN CROSBY: That one, too, I
5 mean, will get taken care of in other
6 venues but it may be the selection of the
7 general contractors since it isn't
8 identified as something that we would sort
9 of want to pay particular attention to.
10 And, so, that might be, that might be a
11 condition in my view to just sort of raise
12 attention, raise attention to it if nothing
13 else.

14 COMMISSIONER MCHUGH: Yes. For a
15 variety of reasons, I think, that would be
16 a good condition. I think it is a, if
17 nothing else, a measure of progress where
18 we are on the project. So, I think it
19 would be and it's simply a reporting
20 requirements, not owners. It would be a
21 helpful thing for us to know when it
22 arises.

23 CHAIRMAN CROSBY: Yes.

24 COMMISSIONER MCHUGH: And when it

1 doesn't.

2 COMMISSIONER STEBBINS: And, I
3 think, Mr. Chairman, you raised this some
4 concern from your group about, you know,
5 aspirational ratings for percentage of
6 business being contracted with these vender
7 groups. So, I mean, it's obviously we
8 have -- you know, the GC will have a good
9 track record in that regard.

10 But, I think, we would be doing
11 ourselves a disservice if we weren't in the
12 communication loop or, you know,
13 understanding that connection. That's a
14 pretty important part of the stepping
15 process.

16 CHAIRMAN CROSBY: Okay, sounds
17 agreed. The next one, I think, the 90 days
18 for operational, that's probably way too
19 soon for a Category 2 license.

20 COMMISSIONER STEBBINS: For Category
21 1 license?

22 CHAIRMAN CROSBY: I'm sorry,
23 Category 1 license.

24 COMMISSIONER STEBBINS: Again, we

1 can put it out there as 90 days. That is
2 what, again, we should point it out we
3 required of Penn. We obviously know there
4 is a longer construction window, so I'm
5 amendable to --

6 CHAIRMAN CROSBY: But isn't that
7 required in the statute; isn't the statute
8 require that they deliver the affirmative
9 action plans after the award in some
10 definite time?

11 COMMISSIONER STEBBINS: I think 90
12 days for all of them, and we only shortened
13 up design and construction because we know
14 our Category 2 is much further along.

15 MS. BLUE: I would have to check. I
16 do know that we have the 30/30 and the 90
17 for the Category 2s.

18 COMMISSIONER STEBBINS: Okay. But,
19 I think, it was the only design and
20 construction marketing plan that we
21 shortened that time frame because, again,
22 we knew that Penn National was probably a
23 little bit further along.

24 CHAIRMAN CROSBY: I'm pretty sure

1 it's in the statute, because I was
2 wondering why we didn't have the
3 affirmative action plan as part of the
4 application. And, I think, it was because
5 it was in the statute. We're looking that
6 up. Why don't you go onto your next one.

7 COMMISSIONER STEBBINS: Okay. The
8 next suggested license condition was
9 provide a plan to the MGC to guarantee a
10 certain percent of retail square footage to
11 local and regional business. Again, and,
12 again, this to a degree goes back and looks
13 at where they are in businesses that they
14 are talking to obviously. You know, people
15 are not going to want to enter into a
16 leasing agreement for a building that may
17 not be there for a few years. I understand
18 that.

19 But our applicant certainly promotes
20 the extensive work they have done reaching
21 out to local businesses. I think we need
22 to have a better idea of the local
23 businesses that are going to be given
24 opportunities to have retail space versus

1 involvement of their products.

2 I think that's a critical issue
3 for -- it was a critical issue throughout
4 their application. And for me I needed to
5 get a better sense or have a better idea of
6 what those commitment retail space can
7 actually mean for the local businesses.

8 COMMISSIONER ZUNIGA: You know, with
9 that one I might disagree. And I'm coming
10 from the perspective of there is and we
11 just walked this. We went to a restaurant.
12 There is a whole area of Main Street that
13 is prime for the taking and that the market
14 will decide that's right across this huge
15 development. And the same is true for
16 State Street and the same is true for
17 Columbus Street so -- sorry, Union.
18 Columbus is -- this is not.

19 So, some of the comments that we
20 heard when we came out here relative to the
21 activity that may already be taking place
22 on those adjacent properties is very
23 positive. And the market could really
24 dictate, you know, just what that balance

1 in terms of rents mix of ripple effect
2 might really -- might be some development
3 entice and serve as a catalyst.

4 As I mentioned before from an
5 operational and strategic perspective, I'm
6 very pleased that they control and operate
7 a lot of the retail that is within the site
8 they are developing because that brings,
9 that brings the benefit of supplementing
10 and complimenting their business strategy.
11 This is how they drive business.

12 And what we would hope could happen
13 is that there will be a positive effect by
14 local businesses deciding to move, even if
15 they are a couple of blocks down the
16 street, deciding to move, open up right
17 across from their facility because there's,
18 you know, foot traffic, you know, going on
19 there.

20 COMMISSIONER STEBBINS: Again, I
21 point this out and I am flexible on this.
22 I just think, again, we are two years away
23 from, you know, opening the doors. Markets
24 are going to change, increased development

1 is going to have an effect on retail space,
2 et cetera.

3 And, again, for me maybe it's more
4 having more defined conversations on you're
5 committing to local businesses having an
6 opportunity to either sell their goods or
7 operate retail space. Maybe it just
8 involves -- I think, it's something we need
9 to have a closer eye on and maybe, you
10 know, continue conversations and
11 negotiations with our applicant as to what
12 that really means.

13 You pointed out in your application
14 that there are local business that are
15 going to be involved. We all understand
16 that some of those details are not clearly
17 defined, because we are still two years out
18 but you used it to promote your
19 application.

20 Now just help us understand the
21 model, the lease, the arrangements, the
22 market, et cetera, as you go forward so
23 that those small businesses are not
24 excluded. It's s not to say -- I don't

1 want to dictate, you know. I am the guy
2 who says, you know, I don't want to
3 overregulate some of these jobs --

4 COMMISSIONER ZUNIGA: I agree, and I
5 should have framed my prior statement a
6 little bit more carefully. Because I know
7 that there is a plan to have very much
8 local small business in the plaza behind,
9 you know, nearby where the skating rink is
10 proposed where clearly, you know, your
11 point speaks rather well.

12 When I first was making my point
13 previously, I was thinking of the parameter
14 retail around the casino and around Main
15 Street, you know, but the point is well
16 taken.

17 CHAIRMAN CROSBY: It's only
18 reporting environments collaboration.

19 COMMISSIONER STEBBINS: It's to a
20 degree to help us understand that you have
21 made commitments and obviously local
22 business involvement is just a piece of
23 their application. But if you are focusing
24 on it, it's a strong point to your

1 application, then let's just make sure we
2 see how it works and works effectively.

3 CHAIRMAN CROSBY: I think that makes
4 sense.

5 COMMISSIONER ZUNIGA: Maybe the one
6 that hurts but if, for example, if we were
7 to require that they have certain price
8 points for their own retail, that could
9 actually have a detrimental effect, you
10 know, in the vicinity.

11 COMMISSIONER STEBBINS: Understood.

12 COMMISSIONER MCHUGH: This is just a
13 reporting department.

14 CHAIRMAN CROSBY: Yes, just a
15 reporting department. Did we figure out is
16 that in the statute?

17 COMMISSIONER MCHUGH: A reference to
18 the plan is there is no statutory deadline
19 for a plan.

20 MS. BLUE: Yes. There is no
21 statutory timeline for any of the plan.

22 CHAIRMAN CROSBY: So, I guess is it
23 in our regs?

24 MS. BLUE: No, it is not. We set it

1 up for the Category 2 license.

2 COMMISSIONER STEBBINS: I'm flexible
3 with those days if, you know, again, we
4 look for the affirmative marketing plan for
5 the design and construction piece within 30
6 days of the license award and 90 days for
7 operation, the operational we may want to
8 extend out. Again, we're looking at a two
9 year construction cycle and when they are
10 going to have a lot of those relationships
11 nailed down.

12 COMMISSIONER CAMERON: Was that a
13 negotiation or discussion with the Category
14 2 licensee?

15 MS. BLUE: I don't believe so. I
16 believe that was the timeline we provided
17 to them, and they agreed to it.

18 COMMISSIONER CAMERON: But not as a
19 condition. This was after the fact?

20 MS. BLUE: No, it was part of the
21 condition. It was a condition.

22 COMMISSIONER CAMERON: I see.

23 CHAIRMAN CROSBY: Well, the only
24 thing is that the timeline for the

1 operational I just can't imagine they are
2 going to be thinking very much about
3 operational hiring for at least a year or
4 maybe and this is something we can always
5 amend. We can make that a year, with a
6 year of licensing.

7 COMMISSIONER STEBBINS: Right.

8 COMMISSIONER MCHUGH: We could
9 easily say provide us with both of those at
10 a --

11 CHAIRMAN CROSBY: Mutually agree to
12 it.

13 COMMISSIONER MCHUGH: At a mutually
14 agreed time or at a time the Commission
15 requests and then not request it until it's
16 reasonable to do or something like that.

17 CHAIRMAN CROSBY: Maybe take the
18 times out and say --

19 COMMISSIONER STEBBINS: It's okay,
20 again, we had times in originally only
21 because we knew Penn was on a faster track.
22 We didn't want them to miss opportunities
23 to engage MBEs, WBEs and VBEs and design
24 and construction since they had the

1 building almost halfway up. But I am
2 flexible and agreeable --

3 CHAIRMAN CROSBY: Like Commissioner
4 McHugh said, that required to give us those
5 plans at a time of the Commission's
6 choosing.

7 COMMISSIONER STEBBINS: Okay.

8 CHAIRMAN CROSBY: So we have
9 three -- did we have three of yours or two
10 of yours?

11 COMMISSIONER STEBBINS: Career
12 centers we think will fold into their kind
13 of employee recruitment plan. The
14 reporting on the progress with selecting a
15 GC, the plan on the retail and local small
16 business involvement.

17 And the last one, which maybe I
18 haven't spelled out very well, but I
19 suggested is finding an opportunity for us
20 to engage the city and MGM if they are
21 awarded a license to talk about this issue
22 of we know they've targeted 35 percent as a
23 hiring target from Springfield finding a
24 way for three of us to work together to

1 think of long-term solutions to making sure
2 that those 35 percent -- can't tell people
3 where to live but it's nice if the people
4 who gain those jobs choose to remain and
5 live in the City of Springfield and think a
6 little bit outside the box so that we don't
7 fall into the trap that we've watched other
8 communities fall into.

9 I'm not sure how we that gets worded
10 as a license condition, but it's certainly
11 something I've heard about. It's certainly
12 something that's been reiterated to us time
13 and time again and it's certainly an issue
14 that might come up again in Region A.

15 COMMISSIONER MCHUGH: I would be
16 happy to have a report, a periodic
17 reporting requirement as to how many
18 employees today live in the city. It
19 strikes me that that apart from a
20 requirement, which I think we are not going
21 to impose, that trying to figure out as a
22 license condition how to do that is so
23 enormously complicated that we ought to, we
24 ought to simply ensure that the data is

1 provided so that the city and its bureaus
2 and MGM and everybody who's interested in
3 it can think about solutions.

4 It involves housing stock. It
5 involves schools. It involves public
6 safety. It involves aspirations. It
7 involves the quality that grows up around
8 the city and changes the dimensions. I
9 mean, you can see that going on all over a
10 number of cities now where the whole
11 neighborhoods are being changed because
12 economics are being changed, and that is
13 inducing people to come back to the cities.
14 Over the years people are going to come
15 back to the city as gasoline prices rise.

16 So, it seems to me ensuring that the
17 data is there for people to think about is
18 the best we can do and the best we are up
19 to do at this stage rather than trying to
20 come up with some formula to encourage an
21 outcome.

22 COMMISSIONER ZUNIGA: I agree, and I
23 think to that effect they are also already
24 doing something that you pointed out a

1 couple of times, Mr. Chairman, a big deal
2 which is, you know, building 50 residential
3 units in their own complex making these
4 54 -- making these truly a mixed use
5 project approach one that could also serve
6 as a catalyst for additional units. If
7 there is vibrancy after normal business
8 hours, you know, that could have a positive
9 effect.

10 COMMISSIONER CAMERON: I would agree
11 with that as well.

12 CHAIRMAN CROSBY: Yes.

13 COMMISSIONER CAMERON: Reporting.

14 COMMISSIONER STEBBINS: No, that is
15 --

16 CHAIRMAN CROSBY: All you were
17 talking about reporting but also just
18 encouraging conversation, right?

19 COMMISSIONER ZUNIGA: Working
20 together.

21 COMMISSIONER STEBBINS: Working to
22 have that conversation and, you know, there
23 is a role for the city. I am not even sure
24 as to be clear as to what our role is.

1 There is certainly a role for our applicant
2 if they are selected. Again, we've just
3 been compounded by stories of, you know,
4 the economic impact was felt but a lot of
5 the people that founded employment quickly
6 left the area we're attempted to rebound.

7 Certainly as the judge pointed out,
8 there's lots of other issues which come
9 into play as to why -- Commissioner Cameron
10 pointed out as to why people want to stay.
11 But it's that kind of continued focus to
12 make sure that that is not lost that's
13 being left in the community as pulling
14 itself out and moving somewhere else.

15 It's what's been critical of this
16 industry that we're regulating and the
17 impacts that weren't felt as were expected
18 in other communities.

19 COMMISSIONER CAMERON: But, I think
20 speaking to this whole integrated approach
21 will address some of those issues, you
22 know, working collaboratively with police
23 departments, money for schools, new units,
24 new housing units there at the site. I

1 think many of those things will have the
2 effect you're looking for but to mandate it
3 is, I think, difficult.

4 CHAIRMAN CROSBY: Yes. I think, I
5 prefer it as a reporting requirement too.
6 I think, it's a peculiar license criteria
7 that talks about keeping people in the city
8 has just such a huge issue, such a huge
9 issue.

10 COMMISSIONER STEBBINS: It is.

11 CHAIRMAN CROSBY: I mean, we can
12 have that conversation. I am sure the city
13 will need the conversation I would think.
14 They may even have some kind of constraint
15 in the HCA. I don't know about that. But
16 in any case, I think, it looks like we make
17 it a reporting requirement.

18 COMMISSIONER ZUNIGA: Candidly they
19 could have that requirement for their own
20 city employees. I know cities that have
21 had that in the past. If you want to work
22 for the city, you have to live in the city
23 and, you know, that I am going to venture
24 to say has some spotty outcomes.

1 CHAIRMAN CROSBY: Right. Ask Mayor
2 Walsh. All right. So, we've got four.
3 You have the affirmative action plan that
4 we changed the language to make it at the
5 request of the Commission. You have the
6 reporting on the small business
7 relationships. You have the reporting on
8 the general contractor and now the
9 reporting on the number of employees from
10 that live in the city.

11 And we have Commissioner McHugh's
12 two and three. One is the side of the
13 garage, the Union Street side of the garage
14 and the coordination with DOT, trial court,
15 et cetera, minimizing the problems during
16 the construction period.

17 So, we have six conditions in
18 addition to the standard conditions that
19 we've put on in the past. I think we might
20 be ready for a vote.

21 Commissioner Stebbins, you want to
22 frame it?

23 COMMISSIONER STEBBINS: After
24 careful assessment and review of the RAF-2

1 applications as provided by MGM and for
2 Region B and keeping in mind agreement upon
3 license conditions, et cetera, I urge -- I
4 move that this Commission offer the Region
5 B Category 1 license to MGM Resorts doing
6 business as Blue Tarp, LLC.

7 CHAIRMAN CROSBY: Do I have a
8 second?

9 COMMISSIONER CAMERON: Second.

10 COMMISSIONER MCHUGH: Second.

11 CHAIRMAN CROSBY: Any discussion?

12 COMMISSIONER MCHUGH: Yes. We
13 framed the motion a little differently the
14 last time, and I don't want to be
15 technical. We did not vote initially to
16 award the license. We, I think, voted to
17 award the license on the condition stated
18 provided that --

19 CHAIRMAN CROSBY: With the condition
20 stated.

21 COMMISSIONER MCHUGH: With the
22 condition stated provided that the
23 applicant accepted those conditions and
24 reported back to the Commission of its

1 acceptance, at which point the Commission
2 would make a formal and final award. And,
3 so, I would offer that as an amendment to
4 the end of the motion you just made.

5 COMMISSIONER STEBBINS: I would
6 accept that friendly amendment. This is
7 why we have the judge on our chair.

8 COMMISSIONER MCHUGH: The point of
9 this being is that we are not awarding a
10 license by this vote.

11 COMMISSIONER STEBBINS: Correct.

12 CHAIRMAN CROSBY: And that was what
13 we did with Category 2.

14 COMMISSIONER MCHUGH: I am not sure
15 that that's exactly the language we used
16 but that's the thrust of what we did
17 because we came back on Friday as we will
18 hear if this -- and had another vote and
19 that was the formal license awards vote.

20 And it's important that everybody
21 understand that this is a vote designed to
22 put on the table our preparedness to award
23 the license if the license conditions, all
24 of them are accepted, but it is not today a

1 formal award of that license.

2 CHAIRMAN CROSBY: Okay, so amended.
3 We will let the recording artist figure out
4 how to make up that motion.

5 Any further discussion? All those
6 in favor of offering the award -- of the
7 motion please signify by saying aye?

8 COMMISSIONER CAMERON: Aye.

9 COMMISSIONER MCHUGH: Aye.

10 COMMISSIONER STEBBINS: Aye.

11 COMMISSIONER ZUNIGA: Aye.

12 CHAIRMAN CROSBY: All opposed? The
13 ayes have it unanimously. Congratulations.

14 MR. MATHIS: Thank you.

15 CHAIRMAN CROSBY: You're welcome. I
16 guess, we will temporarily adjourn until
17 we -- yes, we are adjourning. And we are
18 going to get a report from staff on where
19 we are in terms of the offer of the award.

20 MS. BLUE: Yes.

21 CHAIRMAN CROSBY: All right. We are
22 temporarily adjourned.

23

24 (A recess was taken)

1 CHAIRMAN CROSBY: All right. We are
2 ready to reconvene at 3:00 the 123rd
3 meeting. And, I believe, General Counsel
4 Blue has something to report.

5 MS. BLUE: Thank you, Commissioners.

6 Staff has had conversations with the
7 applicant regarding the conditions that you
8 have requested on the license. Before we
9 get to the applicant, I just want to remind
10 the Commission that under our regulations
11 205 CMR 118.06, number one, the Commission
12 has certain options in terms of a grant of
13 a license and you essentially have four
14 options.

15 You can grant the application for
16 the gaming license with appropriate
17 conditions. You can deny the application
18 for gaming license. You can extend the
19 period of time for issuing a decision to
20 get more information if that's required or
21 you can issue a decision on the application
22 for a gaming license that provides that a
23 license shall be awarded effective as of a
24 later date and --

1 CHAIRMAN CROSBY: That's in our
2 regs?

3 MS. BLUE: That's in our regs, yes.
4 That's reg number 118. And that date is --
5 that later date is a date to be determined
6 by the Commission. So, you have before you
7 a copy, a draft copy of proposed conditions
8 to the license. We added the license
9 conditions that you just talked about
10 before we adjourned, but the applicant has
11 kind of a proposal they would like to make
12 to you on some of those conditions.

13 So, what we would propose is that
14 the applicant go through this document with
15 you and explain some of their concerns and
16 issues and then we will have questions from
17 the Commission. And John and I and other
18 staff members are here to answer questions
19 as well.

20 So, I would like to let the
21 applicant go and go through the proposal
22 for you.

23 CHAIRMAN CROSBY: Okay.

24 MR. NOSAL: Thank you, Catherine.

1 Thank you, Chairman Crosby, members of the
2 commission, Jed Nosal from the law firm of
3 Brown Rudnick representing Blue Tarp
4 reDevelopment and MGM Resorts
5 International.

6 I appreciate the opportunity to walk
7 through an alternative really over, and
8 I'll concentrate my comments on the timing
9 regarding the and payment of the licensing
10 fees, construction deposit and other major
11 financial obligations.

12 First I would like to thank
13 Catherine Blue, John Ziemba, Director Day
14 and other members of the commission for
15 their time for the last several days and
16 weeks in having discussions regarding the
17 application of the regs to a particular set
18 of circumstances that we now find ourselves
19 in.

20 We completely understand certainly
21 that those conversations are just between
22 staff, not in any way binding on the
23 Commission. But, nonetheless, we are very
24 thankful for the opportunity to get some

1 input from staff regarding the application
2 of their regulations.

3 As you know, this is an issue that
4 we have been discussing for approximately
5 the past six months or so. This was an
6 issue that we had raised initially in our
7 application. We provided comments in
8 various forms over the last several months
9 in connection with the form of the license,
10 in connection with comments that we filed
11 and presentation that we made to the
12 Commission back on April 17th.

13 The Commission has noted this as an
14 issue and recognized its authority to
15 address this issue in correspondence to the
16 legislature back in late May as well. And
17 as the Commission is aware, there's
18 currently a matter pending before the
19 Supreme Judicial Court seeking the court's
20 approval of a ballot initiative that will
21 make changes to Chapter 23K and effectively
22 will make casino-style gaming unlawful in
23 the Commonwealth.

24 Until this matter is resolved by the

1 court or ultimately the voters, MGM seeks
2 to delay the effective date of its license
3 and the corresponding payment of licensing
4 fees, the construction deposit, as well as
5 other significant financial obligations.
6 The licensing fees, including the
7 85 million-dollar statutory licensing fee,
8 commission assessments, construction
9 deposit are all due within various
10 timeframes over the next 30 days, likely
11 before the court decides the current case
12 and will be certainly before November
13 should this matter go to the ballot.

14 The payment of these fees and
15 deposits prior to resolution of the ballot
16 initiative is a substantial risk
17 considering the amounts of money involved,
18 the uncertainty of the status of the law
19 and the lack of any statutory or regulatory
20 authority regarding the return of these
21 funds or refunds. There is, however, an
22 alternative that can allow us to proceed
23 despite these challenges.

24 The Commission has adopted several

1 amendments to its regulations that can
2 allow for the Commission to proceed with
3 this process and protect the applicants
4 from some of this risk, and that falls
5 generally into three broad categories.

6 You have the ability to issue a
7 decision on the application for a gaming
8 license that provides for a license that
9 can be awarded effective as to a date to be
10 determined by the Commission.

11 Second, you removed and changed some
12 language regarding the payment of the
13 assessments to provide some additional
14 flexibility regarding the payment of those
15 assessments. You've added language that
16 the Commission mail out as a precondition
17 of any award that a licensee pay fees on an
18 installment basis before the license is
19 issue.

20 Collectively, these regulations
21 provide a mechanism to address Blue Tarp's
22 concerns with the license, potential
23 license conditions discussed today.

24 As I mentioned earlier, we worked

1 with staff and operational as a proposal
2 that will make Blue Tarp's award effective
3 and issue the license at a future date and
4 we made a commitment to paying a
5 substantial portion of an assessment to the
6 Commission based on figures that have been
7 provided to us by staff in connection with
8 the Commission's projected at this point
9 fiscal year '15 budget. I am going to walk
10 through those and, I believe, that you have
11 a document in front of you. I can just
12 detail that a little bit more.

13 First, essentially, you're awarding
14 this license in a similar manner to the
15 structure of the Penn award. And we really
16 use the Penn award as sort of the basis for
17 obviously developing this proposal and try
18 to adhere to the previous Commission
19 precedent as close as possible.

20 Second, using 205 CMR 118.06 1D,
21 which General Counsel Blue has mentioned,
22 we propose that the award would have a
23 future effective date and thereafter issue
24 without further action by the Commission.

1 And this is contained in the third -- I
2 guess, it would be the fourth paragraph of
3 the document that you have in front of you.

4 We propose that that future date be
5 earlier of an SJC decision finding the
6 ballad initiative as presently proposed in
7 the Abdow case unconstitutional or, second,
8 the rejection of the ballad initiative in
9 the November elections. MGM is then --
10 excuse me.

11 Blue Tarp is then committed to
12 making payments of fees as are reflected in
13 the following provisions starting on with
14 paragraph four that we would pay are
15 essentially assessment to the extent that
16 the earlier -- excuse me -- to the extent
17 that the effective date is after June 30th,
18 within five days of the effective date.
19 That includes paying the license fee as
20 well.

21 Blue Tarp will pay within five days
22 of this -- five business days of this
23 decision an assessment amount that we've
24 worked, out and that's reflected in the

1 document of 4.967 million-dollars, again,
2 calculated on the formula that's utilized
3 for purposes for determining the
4 assessment, which would also include the
5 payment of the full slot assessment for
6 that year the Commission assessment is then
7 prorated or paid for essentially the first
8 2-quarters. Those two adding together
9 using, again, the staff's budget
10 projections adjusted for purposes of
11 dealing with certain investments that may
12 be made in the second half of the year.
13 That's how that particular number came
14 over. And I certainly defer to Commission
15 staff to provide additional details about
16 that calculation.

17 Fourth, we would pay the
18 construction deposit in the form of a bond
19 in approximately 51 million-dollars within
20 30 days, again, of that effective date.

21 Fifth, we would then make the
22 commitments regarding the required land
23 acquisitions also consistent with the
24 statute 60 days from the effective date.

1 We have also added a provision,
2 again, through discussions with staff. I
3 believe, it's found at number 19Q and which
4 will require us during the period between
5 the award of the license, the effective
6 date of the license to take all reasonable
7 steps necessary to obtain all requirements.

8 CHAIRMAN CROSBY: Excuse me, what's
9 19?

10 MR. NOSAL: I'm sorry.

11 MS. BLUE: It's number 20, Section
12 Q.

13 MR. NOSAL: Sorry, 20Q.

14 CHAIRMAN CROSBY: In the document
15 you gave us?

16 MS. BLUE: In the document, yes. It
17 talks about the applicant taking all
18 necessary steps to continue permitting and
19 other actions during the period between the
20 award of the license and the effective date
21 of the license.

22 CHAIRMAN CROSBY: But that's not 20B
23 on my document.

24 MS. BLUE: No, it's 20Q. 20 is

1 long.

2 CHAIRMAN CROSBY: Got it, sorry.

3 MR. NOSAL: I think General Counsel
4 Blue just explained exactly sort of the
5 intent behind that certainly to keep the
6 ball moving forward during this particular
7 time period.

8 And that, essentially, is the
9 essence of what we proposed as a set of
10 alternative conditions regarding the timing
11 and the payment of the fees. It's our
12 position that we've come up with a proposal
13 that's consistent with the statute, the
14 regulations and one that adequately
15 balances, I think, the interest between the
16 Commonwealth and that of the applicant.

17 I appreciate the opportunity to
18 present that. We are available to answer
19 questions, respond to any issues that the
20 Commission may want to address.

21 CHAIRMAN CROSBY: Any questions?

22 COMMISSIONER MCHUGH: I take it that
23 this is premised on MGM's election,
24 election not to pay the statutory license

1 fee of 85 million-dollar now or within 30
2 days. Is that MGM's position?

3 MR. NOSAL: That's correct.

4 COMMISSIONER MCHUGH: We are not
5 going to pay that fee.

6 MR. NOSAL: We would find that that
7 would be a material adverse condition.

8 COMMISSIONER MCHUGH: And this is a
9 proposal for an alternative to payment of
10 that fee within 30 days.

11 MR. NOSAL: That's correct, as well
12 as address other particular issues.

13 MR. MATHIS: Mr. Commissioner, I
14 would just point out there is a scenario
15 based on the timing where in fact that fee
16 may be paid within 30 days.

17 COMMISSIONER MCHUGH: Oh, I
18 understand that because it's the payment of
19 the fee now would be triggered on the
20 outcome of the pending case in the Supreme
21 Judicial Court. If it was decided
22 tomorrow, then the effective date would be
23 a day after that and you pay within 30
24 days.

1 MR. MATHIS: That's correct. In
2 fact, potentially earlier based on some of
3 the language we crafted.

4 COMMISSIONER MCHUGH: I understand
5 that. That is my only question at this
6 time. I would welcome a recess to be able
7 to read this. I haven't seen it before. I
8 have heard what you said about it. I do
9 immediately have some additional questions
10 but I would like a few minutes to read it
11 so that I can make sure that I understand
12 it.

13 CHAIRMAN CROSBY: I thought you had.
14 So I totally agree with that. Let's do
15 that. Let me just ask one question before
16 we do that.

17 Did you say that the land
18 acquisitions, is that what you said; which
19 paragraph is that?

20 MR. NOSAL: Yes. That is referenced
21 in Paragraph A, so compliance with the
22 requirements of General Law, yes, 23K
23 Section 15.3 within 60 days, again, of the
24 effective date.

1 CHAIRMAN CROSBY: Okay, so 23K

2 Section 15.3 refers to land.

3 MR. NOSAL: Correct.

4 CHAIRMAN CROSBY: Got it. All
5 right. So, let's have an adjournment while
6 we have a chance to read this carefully.

7

8 (A recess was taken)

9

10 CHAIRMAN CROSBY: We will reconvene
11 at 3:35 and we have some thoughts, at least
12 some of us do. Maybe we should start with
13 the judge to take the lead on this. You
14 are going to hear us deliberating together
15 because we can't all sit here and decide
16 whether we agree on something, so bear with
17 us if we sort of stumble through this
18 conversation.

19 COMMISSIONER MCHUGH: So, this is
20 just my take on it. It's not the
21 Commissions' take and I proffer this.

22 First of all, thematically it seems
23 to me that what this proposal is is not an
24 award of a license. It is a determination

1 that a license will be awarded in the
2 future. That is basically what this
3 document is. I am not certain that there
4 is statutory authority to award a license
5 and delay its effective date, but there
6 certainly is under our regulations the
7 power to determine that we will award a
8 license at a future date.

9 The second thing is is that I, as
10 one commissioner, would like to have this
11 tied up with a big red bow and put to rest
12 with no further contingencies or
13 possibilities of change with the exception
14 of the SJC decision or the vote between now
15 and the actual award of the license.

16 And it seems to me that the best way
17 to accomplish that is to treat this as an
18 agreement to award a license in which the
19 Commission indicates what it intends to do
20 and MGM says that it will accept both the,
21 both the benefits and the obligations that
22 the document contains. It doesn't mean
23 that there is a change in the terms of the
24 document. It means that there is a change

1 in the form of the document to something
2 that resembles a contract.

3 The point being that everybody is of
4 like mind now as to what the future will
5 bring subject to two contingencies, but it
6 seems to me that both the Commission and
7 MGM ought to be content to have this be a
8 deal and this be a set of mutual
9 obligations and benefits subject to those
10 two conditions. And it's with that thought
11 in mind that the specific changes that I
12 would propose would be made.

13 So, let me tell you then what the
14 specific changes that I would recommend we
15 do or we change the title from award to --
16 agreement to award and the last line in the
17 next paragraph, the line beginning
18 "establishment," we change that to read
19 "establishment license will be granted."

20 We need to define what the gaming
21 establishment is, and that is not crystal
22 clear at this point. So, I would recommend
23 we take that out and reserve that for a
24 later date.

1 MS. BLUE: We can do that. Can I
2 just make one suggestion as you're working
3 through this? The way we structured this
4 document was it was an attachment to a
5 decisional license, so I don't want -- I
6 didn't mean in any way to confuse the
7 Commission if you were thinking that this
8 was a stand-alone document.

9 This was -- the way we did it with
10 the Penn license was we had a whole
11 decisional license format that was attached
12 to this, which then talked about the
13 sections and your evaluations and define a
14 licensee and things like that.

15 So, I am not saying we can't do what
16 you propose. I just want to make clear
17 that this would be an attachment. This was
18 set up originally to be an attachment to a
19 license decision.

20 CHAIRMAN CROSBY: And would it
21 function as that? This so --

22 MS. BLUE: Yes.

23 CHAIRMAN CROSBY: So, there will
24 still be the written whatever the word that

1 we use, the thought process.

2 MS. BLUE: The determination of the
3 issuance of a license.

4 CHAIRMAN CROSBY: Right. Why we
5 write included.

6 MS. BLUE: Yes.

7 CHAIRMAN CROSBY: And that this will
8 be a part of it and all that together will
9 be --

10 MS. BLUE: Would be the award, yes,
11 just as we did in the Category 2. The only
12 difference is in the Category 2 we had a
13 comparative license award, and we were
14 going to follow the same format for this.
15 These were the conditions. It would be
16 attached to that. So it will be a very
17 full discussion of your evaluations, your
18 deliberations, why you found the way you
19 found.

20 I know we attached signature pages
21 to this. We probably shouldn't have done
22 that, but these would be the conditions in
23 the same format that the Category 2 was
24 issued.

1 CHAIRMAN CROSBY: I think he was
2 suggesting something different.

3 COMMISSIONER MCHUGH: Yes. I am
4 suggesting something different on the
5 premise we have no power I thought to make
6 an award, make an award and then delay the
7 effective date of the award. The statute
8 says the 85 million-dollars is to be paid
9 within 30 days of the award, and I thought
10 our regulations were designed to give us an
11 alternative to make an award making it an
12 effective designation and getting the
13 payments and the like but not making a
14 formal award.

15 MS. BLUE: So, under our -- we have
16 two regulations 118 and 121. Under 118 we
17 have the language that a license decision
18 needs to be made no sooner than 30, no
19 later than 90 days from the end of the
20 close of the host community agreement.

21 To that section, we added Section D,
22 which we talked about it, which says,
23 "Issue a decision on the application for
24 gaming license that provides that a license

1 shall be awarded effective as of a date to
2 be determined by the Commission."

3 There are different ways to read
4 that language. One of the ways to read it
5 would be that the award takes place within
6 that 30 to 90 day period satisfying that
7 timeframe but is effective at a later date.

8 We also have language in 121 that
9 talked about the payment of the license fee
10 being in installments. And then we have
11 further language in 121 that talks about
12 what remedies the Commission would have if
13 the license fee weren't paid on time, for
14 example, and that that provision provides
15 that the Commission has any remedy it
16 chooses to create up to revoking a license.

17 COMMISSIONER MCHUGH: Up to revoking
18 a license.

19 MS. BLUE: Yes. So, I think when
20 you read them all together, it is possible
21 to read them to say that the award is made
22 at a certain date but the license is
23 effective at a later time. And one of the
24 remedies the Commission can craft is the

1 payment of that license fee at a time
2 agreed to by the Commission.

3 COMMISSIONER MCHUGH: I hear you. I
4 always viewed that -- the statute says the
5 Commission has to take action within that
6 statutory period, not make an award. It
7 has to take action and we added that in
8 the -- in that last phrase you read in the
9 exercise of our discretion to allow us to
10 do something, to do something other than a
11 straight out award of a license or denial
12 of a license.

13 And it seemed to me that the most
14 natural reading of that was to say that we
15 would award a license at a future date
16 rather than we would award a license today
17 with an effective date in the future.

18 My concern with that is that the
19 statute says in unequivocal language the
20 installment fee, the license fee is due 30
21 days after the award of the license and I
22 am not sure by regulations we can counter
23 man that.

24 CHAIRMAN CROSBY: Let me ask you,

1 don't you have things that are triggered by
2 an award; wouldn't Judge McHugh's
3 constructure be safer for you as well that
4 if this award were not now granted but
5 rather a decision to award under certain
6 circumstances?

7 MR. NOSAL: I can say this that we
8 have looked at that particular, I guess,
9 construct as an option and going to
10 Commissioner McHugh's point and really sort
11 of Chapter 23K Section 17E uses the
12 language "take action on the application."

13 Again, this is all subject, I think,
14 to, you know, certainly further -- I hope
15 any further opportunity to discuss a change
16 in the proposal internally with MGM.

17 But I do want to point out that we
18 had thought about that construct and I
19 think, Chairman, going to your point, what
20 we're attempting to do here, again, sort of
21 balancing all these interests is certainly
22 make the actual operational issuance of the
23 license at a future date whether that be
24 it's through a future award or that it's

1 awarded and has a future effective date,
2 which then the license becomes issued.

3 And, I guess, you can think about it
4 sort of when do we show back up and pick up
5 the piece of paper, the license, the actual
6 document. And one way to do it, I think,
7 there could be other constructs to that.

8 COMMISSIONER MCHUGH: Yes. Well,
9 this document, the framework for this
10 document need not change. Just what the
11 document is changes and a few words change
12 to say that this is a document under which,
13 and I am repeating myself now, the
14 Commission has made a decision. MGM's
15 agreed to accept that decision. Both the
16 Commission and MGM accept the rights and
17 the responsibilities that the document
18 contains and the award is effective. The
19 award is actually made at the time
20 specified in the third, the third current
21 paragraph of the document.

22 I would modify that paragraph simply
23 to say, "The Commission will award it," and
24 take out the "without further action"

1 because, I think, a formal, a formal vote
2 of the Commission to actually award the
3 license in accordance with the agreement
4 would be helpful to everybody as a time
5 starter. But apart from that, the language
6 would be the same.

7 CHAIRMAN CROSBY: We'd have to
8 figure out how to fit that with the
9 effective date, which is one day after this
10 happens, how do we coordinate. But let me
11 come back to that, because that is
12 something second.

13 As I was thinking about this, I was
14 trying to accomplish two things. One is to
15 make it clear that you are the winner and I
16 was going to suggest that we put a defined
17 term in here, which is designated licensee,
18 and after Blue Tarp we call you the
19 designated licensee so it's clear to the
20 world that you have won the competition.
21 That is on one side.

22 On the other hand, as Commissioner
23 McHugh was saying, not to run the risk of
24 triggering any number of issues by the use

1 of the word "award" which might -- which
2 does occur in a variety of different
3 documents, I think, as a potential trigger.
4 So, if we define the -- if we do it, call
5 an agreement to award a license, put
6 designated licensee in parens after the
7 first appearance of Blue Tarp, then this
8 would be -- and then there is a few other
9 things, I think, we want to talk about.
10 This would then become a freestanding
11 agreement.

12 This would not be something which is
13 ultimately attached to the decision. The
14 thing which is ultimately attached to the
15 decision might repeat an awful lot of this,
16 but this would be a stand-alone agreement
17 independent from the decision.

18 COMMISSIONER MCHUGH: In repeat
19 about 99 percent.

20 MS. BLUE: Yes, okay.

21 COMMISSIONER CAMERON: We would hold
22 the decision document which gets into the
23 specifics of the deliberations until the
24 date of the award?

1 MS. BLUE: Yes. I believe so, yes.

2 COMMISSIONER MCHUGH: That's right.

3 MS. BLUE: We would hold it until
4 the Commission voted to make that award at
5 that later date.

6 CHAIRMAN CROSBY: So, how do we had
7 the -- right now the effective date is one
8 day after either of the two triggers. How
9 would your meeting figure in there?

10 COMMISSIONER MCHUGH: We would
11 change that to three days and post it.

12 CHAIRMAN CROSBY: I don't think you
13 heard this exchange. Did you hear?

14 MR. NOSAL: I'm sorry.

15 CHAIRMAN CROSBY: Repeat it.

16 COMMISSIONER MCHUGH: To allow us to
17 have a meeting and comply with the open
18 meeting law, we change the one day after
19 either the decision or the vote to three
20 business days.

21 CHAIRMAN CROSBY: So we can have a
22 meeting.

23 COMMISSIONER MCHUGH: That's in
24 current paragraph four.

1 CHAIRMAN CROSBY: And I was going to
2 suggest two other things that, I think,
3 relate. In paragraph four it says,
4 "Pursuant to 205 CMR, et cetera, the gaming
5 establishment license will be awarded," and
6 I would suggest "and Blue Tarp or and the
7 designated licensee shall accept," so there
8 is we are both committing here to move
9 forward. Category 1 gaming license will be
10 awarded and designated licensee shall
11 accept within pursuant to General Law 23K,
12 et cetera.

13 And then in paragraph six, we would
14 change this a little bit because now it
15 says five business days it means of this
16 vote. It's referring to what we do today
17 at the installment. We don't want to call
18 that award the license. So, within five
19 business days of Commission's vote to
20 establish Blue Tarp, LLC as designated
21 licensee, which is what the action we'll be
22 taking on Friday. Does that make sense?

23 COMMISSIONER MCHUGH: Correct.

24 COMMISSIONER ZUNIGA: That also

1 applies to six.

2 CHAIRMAN CROSBY: That was six I was
3 just talking about.

4 COMMISSIONER ZUNIGA: Five.

5 CHAIRMAN CROSBY: No. Because
6 that's from the effective date, and the
7 effective date will be three days after
8 either the two trigger mechanisms. Six is
9 the --

10 COMMISSIONER ZUNIGA: It's an
11 installment.

12 CHAIRMAN CROSBY: Six is the
13 installment payment being made.

14 MS. BLUE: I think probably what you
15 may want to say in six is "upon the
16 Commission's vote to enter into this
17 agreement" is probably more precise for
18 that.

19 CHAIRMAN CROSBY: Right, right.
20 Now, understanding everybody has to go back
21 and do some -- nobody is finally dotting
22 this. That is why we have Friday set
23 aside. But are there other -- are there
24 any other issues in this that any of the

1 other Commissioners -- I have a question on
2 paragraph 17. It says, "In conjunction
3 with the Mass. Gaming Commission vender
4 advisory team and any local grant awardee,"
5 what is that; what's a local grant awardee?
6 Nobody knows.

7 COMMISSIONER STEBBINS: The local
8 grant award is the money that we are making
9 available to the host community to develop
10 some of the vender development fund.

11 COMMISSIONER ZUNIGA: The bylaw
12 program on the --

13 MS. BLUE: Yes, that's right.
14 That's the pilot program that Jill is
15 working on.

16 COMMISSIONER MCHUGH: I had a
17 question about 20H, because it seems to me
18 it ought to be acceptable to us to have the
19 lead goal achieved even if it isn't
20 achieved with the points now contained in
21 the application. I mean, part of the lead
22 process is to allow for contingencies. If
23 you lose a couple of points in one area and
24 you pick up a couple of points someplace

1 else, so I would put a period after
2 certifiable.

3 COMMISSIONER ZUNIGA: Can I offer a
4 suggestion, Commissioner?

5 COMMISSIONER MCHUGH: Sure.

6 COMMISSIONER ZUNIGA: I would strike
7 certifiable and replace it with certified.

8 COMMISSIONER MCHUGH: Certified,
9 that's right.

10 COMMISSIONER ZUNIGA: Certifiable
11 was the language of the statute and what
12 MGM has committed these to actually get the
13 certification.

14 COMMISSIONER MCHUGH: Plans to
15 become certified is actually, yes,
16 certified. So the licensee shall commit to
17 being legal certified, period.

18 COMMISSIONER ZUNIGA: I had a couple
19 of questions before that. 13, number 13,
20 compliance with the construction plans,
21 specifications and timelines as a group by
22 the Commission. This also assumes a future
23 date, you know, after the award -- I'm
24 sorry, after the effective date. But there

1 is a current timeline of 27 months,
2 estimated to be 27 months of construction,
3 which essentially gets shifted depending on
4 what happens between the next two days.

5 Is that a fair statement or is there
6 any leeway to that duration?

7 MR. MATHIS: That's correct. The 27
8 months think of it as a duration schedule
9 and the question is: When is the beginning
10 of that schedule? And from our
11 perspective, it's essentially a day for day
12 delay based on the effective date. I think
13 there is language which has been proposed
14 by General Counsel Blue in 20Q.

15 COMMISSIONER ZUNIGA: Yes. That was
16 going to be my next question.

17 MR. MATHIS: Which it imposes on us,
18 the applicant, in effort during a potential
19 referendum campaign period to advance our
20 project at a minimum to maintain the 27
21 months but, I think, potentially to approve
22 that timeframe and we would certainly do
23 that through our own self-interest as a
24 matter where we spend those dollars and

1 spend those resources and, I think, that
2 paragraph captures that spirit of that
3 effort.

4 COMMISSIONER ZUNIGA: Great. So
5 could we then tie that paragraph to 13 or
6 13 to that paragraph and add a reporting
7 mechanism much like we have done in other
8 paragraphs?

9 MS. BLUE: You would like a
10 reporting on a perhaps a monthly basis
11 during that period?

12 COMMISSIONER ZUNIGA: That's
13 correct.

14 MS. BLUE: Okay. Perhaps we could
15 add that to 20Q?

16 COMMISSIONER ZUNIGA: Yes.

17 MS. BLUE: And would monthly be
18 appropriate?

19 COMMISSIONER ZUNIGA: That's just
20 fine.

21 CHAIRMAN CROSBY: Any others?

22 COMMISSIONER CAMERON: I just wanted
23 to clarify, and I asked this question, but
24 just for the record R rather, so that would

1 be 20R, those exceptions have been
2 discussed with IEB and they are in
3 agreement, correct?

4 MS. BLUE: They are.

5 CHAIRMAN CROSBY: There is a
6 wrong -- the word "be" appears in little I
7 think isn't meant to be there. Shall be
8 not included.

9 MS. BLUE: Okay.

10 CHAIRMAN CROSBY: Anything else? I
11 think what we are ready to do then is to
12 have another vote to be on the safe side,
13 and we'll ask Judge McHugh to frame it to
14 accept the agreement to award a license.

15 COMMISSIONER MCHUGH: Let's, before
16 we get to the vote, let's just think
17 through what is going to happen now.

18 CHAIRMAN CROSBY: Okay.

19 COMMISSIONER MCHUGH: We are going
20 to take a recess probably for the rest of
21 the evening. We are going to talk about
22 this. You are going to talk about this and
23 then we are going to agree or make some
24 other refinements to it tomorrow, right?

1 And then assuming, as I do, that we reach a
2 full agreement, then this will become
3 effective but there may be some further
4 changes conceivably, hopefully not.

5 MR. NOSAL: Commissioner, we would
6 definitely benefit from seeing, I guess,
7 the revised document.

8 COMMISSIONER MCHUGH: Pardon me?

9 MR. NOSAL: We would benefit from
10 seeing the revised document as part of that
11 process.

12 COMMISSIONER MCHUGH: I think we all
13 would benefit to make sure that we
14 understand what has happened. So, we will
15 revise the document, give it to you, give
16 it to ourselves and then staff and you can
17 work out any additional problems and
18 tomorrow we will be in session.

19 And if we have to come back into
20 session to deal with issues around this, we
21 will come back in session and patch you in
22 by phone or do some other things so that --
23 we will be in Boston tomorrow -- so that we
24 can get this finalized tomorrow. And then

1 we will be back here in Springfield on
2 Friday morning first thing, and that is the
3 time it seems to me we ought to take the
4 vote on the final document and we don't
5 need a vote now for anything.

6 CHAIRMAN CROSBY: That's right.
7 Does that square, Elaine, does that square?
8 We come back. We would assemble a meeting.
9 We'd have to have the space, I guess.

10 COMMISSIONER MCHUGH: We can set
11 that up.

12 CHAIRMAN CROSBY: Does that meet
13 everybody's expectations?

14 MR. MATHIS: It does. I think
15 that's a fine plan, and we would hope
16 that's the way it would play out.

17 CHAIRMAN CROSBY: Right, right.

18 MR. NOSAL: Chairman, just before --
19 I'm not sure where you are headed next to
20 end the meeting or adjourn. Can I have
21 about 30 seconds just to confer?

22 CHAIRMAN CROSBY: Sure by all means.

23 MR. NOSAL: Thank you.

24 CHAIRMAN CROSBY: All set?

1 MR. NOSAL: I am.

2 CHAIRMAN CROSBY: All right. So,
3 just to summarize for public purposes, we
4 have by a unanimous decision agreed that
5 this is an outstanding proposal or at least
6 a very good proposal and that we fully
7 intend to go forward with this process with
8 Blue Tarp Development.

9 We are very, very close to a final
10 formal document that will refer to you as
11 the designated licensee and we have every
12 expectation of finalizing this process on
13 Friday morning.

14 Any other comments before we
15 temporarily adjourn?

16 SPEAKER: Chairman Crosby?

17 CHAIRMAN CROSBY: Yes.

18 SPEAKER: Just time wise, you do
19 have this noticed on your meeting agenda
20 for tomorrow as well at approximately
21 11:00 in the morning, so you already have
22 it. You have a FIPs hearing in the
23 morning.

24 CHAIRMAN CROSBY: Yes. We can

1 reconvene this meeting 123 any time
2 tomorrow we want to, right.

3 MS. BLUE: It is posted as eleven
4 a.m. tomorrow. I mean, for the applicant's
5 benefit, we do have this scheduled at
6 eleven a.m. tomorrow.

7 CHAIRMAN CROSBY: So, if you have
8 comments to make it should be -- are you
9 going to be in town?

10 MR. NOSAL: Yes. We will be fully
11 available to commission staff and in person
12 to the extent that it's necessary.

13 CHAIRMAN CROSBY: It'd probably be
14 good then to have you plan to be there
15 unless you -- we can pass the document back
16 and forth and everybody agrees and there is
17 nothing to talk about.

18 MS. BLUE: We will exchange drafts
19 but it would be good for the applicant to
20 be there as well and then we can confer, if
21 we need to confer.

22 CHAIRMAN CROSBY: I think that makes
23 sense. I agree.

24 MR. NOSAL: And, Chairman, that

1 doesn't change anything for the plan on
2 Friday.

3 CHAIRMAN CROSBY: Right, right. If
4 everything is all fine tomorrow, we will
5 agree that everything is fine and we will
6 vote on it on Friday hearing.

7 All right. We are temporarily
8 adjourned. Thank you, everybody, very
9 much. Good job.

10

11 (Meeting suspended at 4:06 p.m.)

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1 MGM STAFF:

2

3 Michael Mathis, MGM

4 Jed Nosal, Brown Rudnick, LLP

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7 MASSACHUSETTS GAMING COMMISSION STAFF:

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9 Catherine Blue, General Counsel

10 Jon Ziemba, Ombudsman

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COMMONWEALTH OF MASSACHUSETTS

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I, KRISTEN M. EDWARDS, COURT REPORTER, do
hereby certify that the foregoing is a true and
accurate transcription of my stenographic notes,
to the best of my knowledge and ability.

WITNESS MY HAND, this 16th day of June,
2014.

Kristen M. Edwards