

THE COMMONWEALTH OF MASSACHUSETTS
MASSACHUSETTS GAMING COMMISSION
PUBLIC MEETING #193

COMMISSIONERS

Gayle Cameron

Lloyd Macdonald

Bruce W. Stebbins

Enrique Zuniga

June 9, 2016 10:00 a.m. - 11:48 a.m.

MASSACHUSETTS GAMING COMMISSOIN
th
101 Federal Street, 12 Floor
Boston, Massachusetts

1 P R O C E E D I N G S :
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3 COMMISSIONER ZUNIGA: I think it is
4 10:00 AM. I'd like to call to court order the
5 193rd meeting of the Massachusetts Gaming
6 Commission. Chairman Crosby is traveling at a
7 conference in Las Vegas and has asked me to
8 chair in his absence. The first item on the
9 agenda is our usual approval of minutes,
10 Commissioner Macdonald.

11 COMMISSIONER MACDONALD: I move that
12 we approve the minutes of the meetings of May
13 10, 2016, May 12, 2016 and May 26, 2016 subject
14 to any corrections, typographical errors or
15 other nonmaterial matters.

16 COMMISSIONER CAMERON: Second.

17 COMMISSIONER ZUNIGA: The motion is
18 made and second. I did have a comment on one
19 of them which could be part of the
20 typographical. On the May 26 meeting, I opened
21 the meeting noting that Commissioner Stebbins
22 was en route to the meeting. And he joined it
23 really a few minutes later. It's not on the
24 minutes. I was wondering if it should be

1 reflected that he joined the meeting at a
2 particular time.

3 MS. BLUE: We can do that. We can
4 make that change.

5 COMMISSIONER ZUNIGA: He later
6 votes. So, it's obvious he joined the meeting,
7 but it's not reflected. So, it was in the very
8 early stages. I remember he came in during the
9 presentation of Ombudsman Ziemba. Any other
10 questions or comments on the minutes? All
11 those in favor, aye.

12 COMMISSIONER MACDONALD: Aye.

13 COMMISSIONER CAMERON: Aye.

14 COMMISSIONER STEBBINS: Aye.

15 COMMISSIONER ZUNIGA: The ayes have
16 it unanimously. Second item on the agenda is
17 the administrative of update by Executive
18 Director Bedrosian.

19 MR. BEDROSIAN: Good morning,
20 Commissioners. I have two pieces of good news
21 this morning. The first is that Director
22 Vander Linden has we believe successfully
23 launched the PlayMyWay responsible gaming
24 technology tool down at Plainridge. And this

1 is the sort of first formal day. I think
2 there's going to be press announcement about
3 that today.

4 That's been a great collaboration
5 among, obviously the folks -- Director Vander
6 Linden, the folks in communication and the
7 folks in IT. It is described as a very simple
8 budgeting technology tool. But I will tell you
9 that the technology to get it to work on a
10 complicated slots floor was not simple. So, it
11 was a lot of effort on their part. And we hope
12 it continues to go well. Early reports are
13 that it is going well. That's my first update.

14 The second update has to do with
15 some folks internally who are going to get
16 completion certificates for participating in a
17 program. It's a program called -- the overview
18 program is called MasSP which is Mass. Aspiring
19 Supervisors Program. It's run out of the
20 Executive Office of Health and Human Services
21 with which we have an interagency agreement.

22 This program is one that allows
23 aspiring supervisors to get management training
24 and a bunch of other training. We had a number

1 of people from our agency participate. It was
2 a seven-month program in which they went to
3 particular tracks. And as part of it, their
4 completion, they needed to develop a program
5 that had effect at their agencies. They have
6 done that.

7 And this afternoon, they will be
8 receiving their certificates of completion. I
9 am privileged enough to go over as an agency
10 head and present them with their certificates
11 of completion.

12 And I'll just let you know who
13 completed those programs. There are three
14 different tracks, the aspiring supervisor track
15 Michelle Arango and Marianne Bratton-Davies
16 from licensing participated in that. The
17 manager roundtable track Dan McDonald, Maria
18 Botari and Dean Ventola participated in that.
19 And the program manager Agnes Beaulieu --
20 Agnes, I hope I got that right. Close enough?
21 -- from finance completed that. So,
22 congratulations to them.

23 And I think we will do something as
24 an agency to hear from them and learn about

1 their experience in that program. That's the
2 end of my update.

3 COMMISSIONER CAMERON: Two good
4 pieces of news, especially -- Both programs.
5 I'm glad it's going well down at Plainridge but
6 I love the leadership and supervisory training
7 really important to do that. I'm pleased that
8 our folks want to participate in that program.
9 Sometimes that's not the case. So,
10 congratulations. I do look forward to hearing
11 more about it.

12 COMMISSIONER ZUNIGA: Other
13 comments?

14 COMMISSIONER MACDONALD: I look
15 forward to seeing copies of the programs that
16 were developed by the people during the course
17 of it. I'd be very interested in seeing that.
18 It sounds like a very worthwhile experience and
19 congratulations.

20 COMMISSIONER ZUNIGA: I agree.
21 First, the program that was being described
22 here is a great program for the state
23 employees. It was a great idea to include it,
24 to offer it to people here. It's a great

1 outcome that people decided to participate.

2 It takes time and effort because
3 they go through actual problems, as I
4 understand it, trying to solve real case
5 studies. So, it's very concrete and applicable
6 to the work that they do. And I also really
7 look forward to and I'm really happy that we
8 take steps regularly to develop our own people
9 just something, which is something we always
10 intended to do.

11 On the PlayMyWay, this is also
12 really exciting. I'm going to be there
13 personally this afternoon to help people
14 understand it if they ask for it, mostly see
15 how it's going. I really look forward to the
16 analytics that we're going to be able to have
17 with this tool the uptick. All of it is being
18 evaluated by the Division on Addiction.

19 You're right that the convergence of
20 systems that do look simple but have a lot of
21 complex dynamics in terms of how often the data
22 gets refreshed so that the reminders can appear
23 on a timely manner, etc. As well as how that
24 system plays with and interfaces with existing

1 systems, their own slot management system has
2 been a really important effort that took not
3 just the people that you mentioned but also our
4 licensee and their staff as well as people from
5 Bally who developed the system, and people from
6 GLI who test those systems. There's a lot of
7 convergence of effort and real good work.

8 MR. BEDROSIAN: Yes. I think you
9 made a good point, Commissioner. I think we
10 need to not understate the recognition for our
11 licensee at Plainridge and the folks at Penn
12 National for even considering this.

13 This is a first in the country
14 program. It's not necessarily right in their
15 wheelhouse of what they do. So, for them to
16 undertake this with us is really a complement
17 to their thinking about how they see it.

18 COMMISSIONER ZUNIGA: And all while
19 there's 24-hour operations. I might mention
20 that there's at least two 4:00 AM instances
21 where you yourself and other staff were there
22 at the casino making decisions of go and no-go,
23 etc. And those are very important recognize.
24 We recognize your effort personally and that of

1 the staff who do a great job.

2 MR. BEDROSIAN: Yes. The staff
3 worked very hard. So, thank you very much.

4 COMMISSIONER ZUNIGA: Is that the
5 end of your update, Director?

6 MR. BEDROSIAN: It is, thank you.

7 COMMISSIONER ZUNIGA: Excellent.
8 We'll move to item number (4). The finance
9 division has the draft budget.

10 MR. LENNON: Good morning,
11 Commissioners. Today, I'm joined by Trupti
12 Banda, Agnes Beaulieu and Maria Botari. And we
13 are here to present to you the FY17
14 Massachusetts Gaming Commission's initial
15 budget recommendations.

16 In your packet, you have a memo and
17 three attachments. The three attachments go
18 into detail what our budget will be for each
19 division within each item of appropriation as
20 well as each specific item we're funding. This
21 is intended to be a high-level overview, this
22 presentation.

23 The FY17 budget before you is
24 composed of \$27.17 million for gaming

1 operations, \$1.47 million for racing operations
2 and \$16.34 million of racing payments to
3 licensees and associations for a combined total
4 of a \$44.99 million FY17 budget.

5 It includes funding for 73 FTEs and
6 one contractor. The split of FTEs is 69.25 for
7 gaming operations and 3.75 for racing. Gaming
8 operations are funded by a combination of
9 licensing revenue, a \$600 per machine slot fee.
10 And the balance is made up by an assessment on
11 licensees. This fiscal year, the assessment on
12 licensees is projected to be \$22.45 million.

13 Racing operations are funded by a
14 portion of wagering, promotional fund and
15 capital fund payments to licensees funded
16 portion of racing wagering and the Race Horse
17 Development Fund is funded from a nine percent
18 assessment on gross gaming revenue at
19 Plainridge Park Casino.

20 Historically, we hadn't put the Race
21 Horse Development Fund in our budget but for
22 this year just to show -- We got a lot of
23 questions on it recently. So, we tossed that
24 in there.

1 That fund is projected to generate
2 \$14.4 million in FY17 if gross gaming revenues
3 remain consistent at \$160 million.

4 The presentation of the budget this
5 year has changed slightly as compared to FY16.
6 This year, we are breaking out the cost of the
7 office of the Attorney General. In FY16, the
8 initial budget presentation loaded these costs
9 in the legal division and the IEB division.

10 Also, new this year we've included
11 the 10 percent indirect cost the state assesses
12 on non-budgetary accounts. That's \$1.6 million
13 that was added. The chart on page two of the
14 memorandum shows a high-level comparison of
15 FY16 to FY17. And I apologize for how it came
16 out. The headers didn't come out. So, I want
17 to walk through just what the header column
18 should have been. This is what happens when
19 you embed a spreadsheet in a Word document.

20 The first should have been where you
21 see 10500001, the header should have been
22 appropriation. Next where you see AA, it
23 should've been object class. Where you see
24 \$6.46 million, it should have been initial

1 2016. So, this column is showing what our
2 initial '16 budget was.

3 The next column where you see -590,
4 the header should've been adjustments. For
5 2016, this is showing that through the first
6 three quarters of 2016 we've adjusted our
7 budget down by \$1.4 million. The next column
8 should have been current 2016, which is just
9 taking the initial, adding in the adjustments
10 which would give you the \$26.8 million, which
11 is where we currently stand for projections.

12 The next column is our 2017
13 recommendations. It totals up to \$27.1
14 million. The column next to that is a
15 variance, which is 2017 minus the current 2016,
16 not the starting 2016. And then the last is a
17 variance explanation.

18 So, I'll update this memo for the
19 packet going forward, but just so that people
20 can follow. That's what those headers
21 should've been. I apologize.

22 COMMISSIONER ZUNIGA: Derek can I
23 interject?

24 MR. LENNON: Absolutely.

1 COMMISSIONER ZUNIGA: So, on that
2 chart the current '16, remind me there will be
3 enough within that total budget to pay for the
4 indirect costs that were not initially, on the
5 very initial -- at the very beginning of the
6 year contemplated; is that correct?

7 MR. LENNON: Yes and no. Right now
8 what I'm projecting for this year will be \$1.5
9 million that we need to add to this. However,
10 if you look at the revenue side of our equation
11 for '16, we are carrying \$27.7 million, almost
12 \$27.8 million in revenue. Because as we've
13 reduced spending, we haven't reduced the
14 revenue knowing that we might have to carry the
15 indirect costs.

16 So, there's still about a \$500,000,
17 \$600,000 gap that needs to be made up, which
18 we've been working with divisions to identify.
19 We're about 80 percent of way there right now.
20 We still have a little bit to find before June
21 30. So, final spending will probably be around
22 \$27.7 million.

23 COMMISSIONER ZUNIGA: Fair enough.
24 But for the purposes of comparison, which is

1 fundamentally what this chart does, this year
2 to the prior year, the variance will be
3 noticeable especially on the indirect costs
4 this year.

5 MR. LENNON: Which you will find
6 under EE object class. So, if you look under
7 the EE, scroll all of the way over to the
8 right, \$1.69 million that variance is the
9 indirect. It's not loaded in the FY16 budget.
10 It is loaded in the FY17 budget.

11 COMMISSIONER ZUNIGA: Right. And I
12 know you're going to get this but effectively
13 our budget is lower even when we account for
14 the indirect costs.

15 MR. LENNON: Correct. So, if you
16 pull the \$1.6 million out of this \$27.1
17 million, you'd get down to around \$25.5
18 million, which would be \$2.8 million lower than
19 where we started last year. And still \$1.3
20 million lower than where we are projecting
21 right now our spending to be.

22 And if you go up to the \$27.7
23 million, it's \$2.2 million lower. It's kind of
24 the apples to oranges comparison. But the

1 easiest way to look at it is just pull the \$1.6
2 million out and get down to \$25.8 million and
3 that would be the comparison from year to year.

4 COMMISSIONER ZUNIGA: Yes. Okay.
5 Great.

6 MR. LENNON: Any other questions?

7 COMMISSIONER ZUNIGA: I may have
8 some later.

9 MR. LENNON: Okay. I'm not take
10 time to walk through all of these pieces here.
11 I just want to hit a few high points. But if
12 you look at payroll in the AA object class, in
13 FY16, we began with \$6.46 million which funded
14 70.48 FTEs on this appropriation.

15 We've revised it down this year by
16 \$590,000 mainly due to a trading out and the
17 delay in hiring and backfilling. And our FY17
18 budget is proposing \$6.44 million, which is
19 actually lower than where we started last year
20 even after we included raises. And the reason
21 is we're only funding 69.25 FTEs as opposed to
22 the 70.5 last year. So, our FTE recommendation
23 is going down and the funding is remaining
24 almost constant.

1 Our fringe benefit costs are
2 increased due to a 4.5 percent increase that
3 the state has put onto the fringe benefit rate.
4 We can't really impact that. As well as we're
5 getting a new Workers' Compensation chargeback.
6 You'll see these type of things hit as we start
7 to mature. We didn't have any Worker's Comp.
8 in the past. Now that we have people going
9 out, we get hit with the new chargebacks.

10 In the EE object class, as we
11 pointed out, we're budgeting for indirect.
12 That accounts for the \$1.6 million increase.
13 But one of the high points is we've actually
14 gone down again in consulting costs. I think
15 two years ago when I started off presenting to
16 you, this number was around \$11 million.

17 Right now we are down to \$2.6
18 million down from \$5.2 million starting point
19 last year and the \$4.6 million anticipated
20 final spend. And the high points on that are
21 we've taken the OPM process in-house. We have
22 completed the high-performance contracting.
23 We've cut out the contracted investigations in
24 the IEB unit. We've minimized legal costs.

1 It's been a really concerted effort.
2 And there is no application to review for a
3 resort casino this year. So, that cut out what
4 started at \$800,000 and ended up at around
5 \$580,000 this year.

6 COMMISSIONER ZUNIGA: Say that
7 figure one more time. Initially, we estimated
8 \$800,000 just for the review.

9 MR. LENNON: Yes.

10 COMMISSIONER ZUNIGA: Which was a
11 conservative number compared to the prior
12 reviews.

13 MR. LENNON: The other reviews were
14 around \$1.1 million. We spent I think close to
15 \$800,000 on the slots review.

16 COMMISSIONER ZUNIGA: Yes. That was
17 our first one. We had a number of -- But the
18 800 figure ended up coming in around 580.

19 MR. LENNON: Yes.

20 COMMISSIONER ZUNIGA: I think it's
21 important to note a lot of that effort also
22 came from efforts in-house. We took a lot of
23 the coordination in-house. Janice Reilly, our
24 Chief of Staff, took the lead when it came to

1 coordinating some consultants which we had used
2 outside help at the time. And I think it's
3 important to note that.

4 MR. LENNON: As well as the
5 Commissioners reviewed the questions and how
6 much process were going to changing that
7 around. So, it really was impressive how you
8 cut those costs down on the last review.

9 COMMISSIONER CAMERON: I'd like to
10 make note of that also. I think in an agency
11 it can be very easy to rely on consultants.
12 And I give our team credit, IEB, legal, racing,
13 lots of folks for learning those skills and
14 taking the initiative and gaining the expertise
15 to do that work in house. So, duly noted and
16 much appreciated.

17 MR. LENNON: We have no build-out
18 here this year. So, you see the equipment
19 going way down. The \$209,000 cut in the K.

20 Our grant operations, you see
21 responsible gaming kind of leveling out with
22 the baseline and the cohort study dropping that
23 down to about \$2 million annually. Then under
24 the IT item that's reducing this year mainly

1 because of the one-time cost of getting
2 infrastructure in here to monitor Plainville.

3 To quickly summarize the comparison
4 between '16 and '17, if you backed out the
5 indirect out of the \$27.1 million figure, we'd
6 be around \$25.5 million which is lower than
7 where we started out last year and lower than
8 what we're anticipating to spend this year.

9 Just a quick overview of the
10 process. In FY17 similar to '16, the division
11 of administration and finance met with each
12 director to establish budget requests. The
13 requests -- Once again, I want to give a lot of
14 credit to the team sitting up here. I was out
15 on paternity leave during this time period. So
16 they handled the initial sit-down, the initial
17 requests.

18 And I want to give a lot of credit
19 to the directors for coming with the
20 information. We can't make it up. The
21 directors have to come to us and give thought
22 process into what they're going to be doing in
23 the next year.

24 The request was then reviewed by me,

1 the Executive Director and Commissioner Zuniga
2 in his capacity as Commission Treasurer. Also,
3 a lot of credit to Executive Director Bedrosian
4 for diving into this and reading all of the
5 details behind these budgets.

6 Some of the questions he asked, I
7 had to go back and ask my team because I didn't
8 have the details on them. So, he really jumped
9 into this. And I think he knows this budget as
10 well as any director that would be sitting in
11 that seat.

12 The revised figures after our review
13 were then sent to our licensees and reviewed in
14 a meeting at the MGC offices on May 11. As a
15 result of the licensee review, we cut \$2.28
16 million out of our proposal.

17 So, our proposal would've been \$2.2
18 million higher than this, almost \$2.3 million.
19 So, we got some good feedback from our
20 licensees. We had to take a look at where we
21 were thinking we need money and go back to
22 directors and make some tough cuts.

23 Pages three through six of this
24 memorandum, call it spending and revenue

1 related.

2 COMMISSIONER MACDONALD: Derek, can
3 I stop you there? Can you summarize for us
4 what the comments were or concerns that were
5 raised by the licensees that resulted in this
6 \$2 million reduction?

7 MR. LENNON: The majority and Ed can
8 chime in on this as well because he was there
9 for a lot of discussions and the daylong
10 meeting that came through this.

11 A lot of the concerns came around
12 hiring. There's kind of a stagnant period as
13 far as their development goes. So, we should
14 try to keep our own staffing levels similar.
15 Continuing to cut back on what we'll look at as
16 contingency items.

17 So, we may have had pieces in the
18 budget. I know responsible gaming had a
19 contingency item that we cut out. I know in
20 the IT department, we had miscellaneous
21 equipment. We've cut that back. So, we'll
22 have to find -- If anything comes up throughout
23 the year, we'll have to find internal ways to
24 solve those problems.

1 With the legal team, we cut our
2 litigation costs back to what we need to carry
3 to cover our insurance policy where Catherine
4 was projecting a higher amount. Oversight
5 project management, we've cut those costs. We
6 started off with recommendations for hire
7 consultants for Joe to use. And we cut them
8 back to a bare minimum of \$50,000.

9 Now if we have spending that comes
10 up that's above these, we'll come back to you.
11 We have talked to our licensees and they
12 understand that those are specific items that
13 we'd come to you and say we need more money.
14 Here's the reason why.

15 MR. BEDROSIAN: I would just chime
16 in. Having been in that full-day meeting, I
17 think that is a fair summary.

18 Obviously, our Category 1 licensees
19 are at the beginning of a build-out stage. So,
20 they are concerned and I think would like to
21 see -- They are stagnant in terms of their
22 hiring process and maybe would like to see that
23 reflected in the regulator, which we're
24 somewhat differently situated, but we obviously

1 took that to heart and went back. And I think
2 we made cuts where we were.

3 I'm sure Derek will tell you, the
4 process from here on in is that obviously this
5 is just the beginning process of the review
6 process. You won't have to vote until the next
7 public meeting. In addition to our licensees,
8 the public can comment on our budget also. But
9 I suspect we'll get some feedback from the
10 licensees based on that process.

11 We updated them and Derek sent them
12 a new chart with our cuts and detailed what the
13 cuts were from our initial meeting. So, they
14 are fully aware of that. I suspect if they
15 want to submit written comments on the current
16 budget proposal.

17 But it was a professional meeting.
18 And I think we had a good dialogue back and
19 forth. And all of our licensees were there.

20 COMMISSIONER ZUNIGA: Let me just,
21 even though I'll repeat a little bit of what's
22 already been said. The largest piece of that
23 \$2.2 million, the word cut is a little bit
24 deceiving because what we are effectively doing

1 is what has been said, change the assumptions
2 on certain items that we really don't know.

3 There are large items. We've had
4 them in the past, contingencies, legal costs.
5 It's very hard to predict. Our outside counsel
6 is very -- does great work. But your
7 assumptions are as good as any as to what might
8 be the next iteration of the litigation that we
9 have to defend and whatnot.

10 Responsible gaming same thing, we
11 have a contingency there. We're saying we'll
12 eliminate it because of direct feedback from
13 the licensees, they'd rather us come back and
14 assess them throughout the year if it's needed,
15 as opposed to be on the conservative side and
16 give money back at the end of the year. They
17 would much, much rather have that be the case
18 and we're responsive to that.

19 There's a couple of other items that
20 I don't know if you want to get to that we've
21 assumed there will be a little bit tightening.
22 This is highly, highly symbolic but I think we
23 are taking steps.

24 The cost of telecommunication and

1 devices for example, once we put a lot of them
2 together it starts to figure. I like to have
3 the ability to reach people on the road after
4 hours. It's something that we have to do for
5 our own protection, have a cell phone that is
6 work related, etc. But is there a need to have
7 more than one device, that would be up to the
8 individual.

9 I for one have turned back my iPad
10 because when I think about it I could do with
11 the cell phone that I have. They may not work
12 for everybody. Everybody has different work
13 styles and assignments, but we've heard that
14 feedback among a lot of others and made some
15 assumptions about tightening some of those
16 numbers.

17 MR. LENNON: Yes, that's an accurate
18 reflection. To get to your point, the cuts go
19 anywhere from a \$3000 item up to a \$200,000
20 item, the contingency items. So, I think
21 everyone came to the table with--

22 COMMISSIONER STEBBINS: Do we have a
23 deadline by when we want to hear back from our
24 licensees about your current iteration?

1 MR. LENNON: Yes. We'd want to hear
2 back by the next meeting because we have to
3 approve this before July 1 so we can get our
4 assessments out.

5 MR. BEDROSIAN: And they know that.

6 MR. LENNON: So, the gaming control
7 appropriation funds 12 divisions within MGC.
8 While we're not at a steady state, there are
9 some significant fixed costs built into our
10 budget. I just want to touch on a few of
11 those.

12 For administration and finance, our
13 biggest cost is leased space. So, this floor
14 and the floor above. The IT division has the
15 cost of the central management system, computer
16 leases for all of our employees, hardware and
17 software licenses and maintenance costs and
18 state chargebacks that we really can't avoid at
19 this time.

20 The IEB has the MSP public safety
21 and security costs at Plainville as well as the
22 cost of the investigators that do the
23 background checks here. That's built right
24 into the statute. That's who does it for us.

1 The research and responsible gaming
2 division has the baseline and cohort studies
3 which are part of the statute. So, you start
4 adding that up, and this \$27 million
5 discretionary money starts to dwindle pretty
6 quickly.

7 As identified on the revenue side of
8 the equation, most of the costs funding our
9 gaming operations are derived from licensees in
10 either the format of a \$600 per slot machine
11 fee, which totals up to \$4.49 million annually
12 or the assessment which is 22.45 adding up to a
13 combined total \$26.94 million out of our \$27.17
14 million budget. So, our licensing revenues,
15 there's a lot of work that goes into it but the
16 cost to our licensees is pretty low.

17 Are there any questions on the
18 gaming control appropriation before I move onto
19 the racing?

20 The racing division funds five
21 percent of the Commission's administration
22 positions as well as three full-time positions.
23 So, they run a pretty lean operation over
24 there. It also funds seasonal employees for

1 live racing, lab costs and statutorily required
2 payments.

3 Revenues for the division are
4 generated through a combination of assessments,
5 daily fees, license fees and live and simulcast
6 racing.

7 Page six of the memorandum explains
8 how assessments on gaming operators and
9 licensees would be divided if the budget were
10 approved as presented. So, this is just to
11 show you how much Wynn would pay, how much Penn
12 would pay and how much MGM would pay based on
13 section 56 of Chapter 23K. And it's basically
14 section (C) that goes into the assessment that
15 says it's per gaming position it's prorated.

16 At this point, I'd just like to take
17 a pause, see if there are any questions before
18 we lay out what Ed has basically already done
19 saying we want to put this out of public
20 comment.

21 COMMISSIONER STEBBINS: Derek, just
22 looking at page six and the assessment and the
23 percentages as to how they are broken.
24 Obviously, in a couple of years when Wynn and

1 MGM are up and running, do you expect those
2 percentages to stay roughly the same even
3 though the overall budget is going to be
4 bigger?

5 MR. LENNON: That all depends on how
6 their floor shakes out. If they start adding
7 table games and taking out slot machines,
8 obviously you are going to have more because
9 there are six per table game versus a slot
10 machine. But I don't see them varying hugely
11 from here.

12 COMMISSIONER ZUNIGA: But the
13 assessment is on approved gaming positions or
14 approved slot -- no, gaming positions.

15 MR. LENNON: Gaming positions. For
16 Wynn and MGM, the assumption was made that for
17 every table game there would be six gaming
18 positions. Where with Penn it's pretty easy.
19 We know what the floor count is right now. The
20 count here reflects the June 6. For Penn,
21 reflects what's approved as of June 6. If it
22 changes between now and July 1 that will change
23 slightly.

24 COMMISSIONER ZUNIGA: But we make a

1 cutoff on July 1.

2 MR. LENNON: Correct.

3 COMMISSIONER ZUNIGA: And if it
4 changes in between, it's until next July
5 because we cannot be chasing.

6 MR. LENNON: Unless it's a slot add,
7 then we do a prorated amount of a \$600 fee.
8 So, that may add some money in.

9 COMMISSIONER ZUNIGA: Yes.

10 COMMISSIONER CAMERON: Racing, no
11 major changes from last year's budget?

12 MR. LENNON: We eliminated the
13 contract position and we moved that person into
14 a full-time position. The five percent
15 assessment is consistent with last year.

16 So, taking a piece of the
17 Commissioners, a piece of the executive
18 director's office, a piece of the legal office,
19 a piece of finance, IT and charging that off
20 based on how much their total is of our budget.

21 The revenue looks pretty consistent.
22 It may change based on the pending legislation.
23 But for right now we kept the assumptions in.
24 But we don't see that presenting a problem,

1 because we don't have to pay back the general
2 fund any longer for the payments to cities and
3 towns out of appropriation 105140 which is
4 around \$900,000 a year.

5 I think our racing division's
6 initial estimates were if the greyhound
7 assessment gets backed down from two and a half
8 percent to 3/8 of a percent, we'll lose around
9 \$600,000 in revenue but we're making up
10 \$900,000. So, it's a net win.

11 COMMISSIONER ZUNIGA: That
12 difference sort of stays there.

13 MR. LENNON: No, actually if
14 expenses for that year exceed payments, it goes
15 to the purses.

16 COMMISSIONER ZUNIGA: For that 140
17 fund or for all racing?

18 MR. LENNON: For all of racing.
19 That's why at the last meeting, I think the
20 racing division came and gave you their annual
21 presentations and said this is how much we
22 spent. This is how much we brought in for
23 revenue. They actually pretty much netted out.
24 I think they're on the negative side.

1 There was a balance sitting there
2 from the past. Why that was sitting there --
3 But we've used that in the recent years when
4 we've actually had less revenue than actual
5 money coming in.

6 But if there's a year where we've
7 taken over that we see that there is more
8 money, revenue brought in than actual expenses,
9 we'll credit it back to the purse accounts
10 which is what the statute currently says. Who
11 knows what we'll do going forward with the new
12 legislation.

13 COMMISSIONER ZUNIGA: This could be
14 minor, but did that happen before we made the
15 assessments to the Race Horse Development Fund
16 to make the purse funding or does it happen
17 after?

18 In other words, we have a request
19 from racing licensees as to what to take from
20 the Race Horse Development Fund. Does it come
21 after or before, the credit to the purses?

22 MR. LENNON: The way we do our
23 annual report, it happens in December or
24 January. They reported to you in March, April.

1 This year it slipped into May. That would come
2 I guess, however you're looking at it,
3 technically before if you have a request now
4 for the Race Horse Development Fund.

5 But they are two separate things.
6 Remember the purse -- This is money that we
7 over generated. The Race Horse Development
8 Fund is nine percent that we have to give out
9 one way or the other.

10 COMMISSIONER ZUNIGA: Fair enough.
11 Other questions on racing for CFAO Lennon?

12 MR. LENNON: Are there any questions
13 about a specific division's budget? I know
14 that there's a lot of information in the
15 backup.

16 We give it to you two ways, one by
17 division and then kind of to follow along with
18 page two that shows by division or by object
19 class.

20 COMMISSIONER ZUNIGA: Let me
21 empathize what Director Bedrosian already
22 mentioned, which is this is only a
23 presentation. We are not voting on it. We
24 will vote on it two weeks from now right before

1 the end of the fiscal year, which puts us in
2 great timing for a clean start of the next
3 fiscal year.

4 There will be plenty of time to
5 solicit comments, ask questions of divisions,
6 for the Commissioners to understand more of the
7 details that get talked about at a high-level
8 over here. And that's the gist of this
9 presentation.

10 On that note, I did want to mention
11 and emphasize the process. Like we've always
12 said in our mission, we are participatory and
13 solicit and get really good feedback from
14 licensees. We'll get that in writing this year
15 as well.

16 They understand our role. We
17 understand our role and that's very important.
18 We don't necessarily do everything that they
19 ask us to consider. And that's important also
20 to put in the record where we feel we need to
21 fund certain things at a certain level because
22 we have our perspective.

23 But we will listen to whatever else
24 and have made strides to accommodate some of

1 that feedback.

2 There is one area that I just want
3 to talk a little bit about perhaps for
4 discussion at the next meeting. That is the
5 grants -- The line item relative to workforce
6 development is perhaps one of two items that
7 are increasing this year.

8 In general, we've decreased in just
9 about every other line item or level funding.
10 That's one that we are increasing. Our
11 licensees have asked us to look at it. And I
12 think it's important for us to have a
13 discussion in the open meeting perhaps two
14 weeks from now as to the business case, what
15 we're assuming.

16 I know the initial assumption was
17 slightly higher. And Director Griffin and
18 Commissioner Stebbins have looked at it and
19 reduced it a little bit. But I think it's
20 something that we should talk about and think
21 about for the next meeting.

22 COMMISSIONER STEBBINS: I would echo
23 that. We are obviously coming into a two-year
24 period prior to our Category 1 licensees'

1 facilities opening.

2 This is kind of the high point for
3 making sure that workforce development
4 strategies are in place, strategies for making
5 sure that small businesses have the opportunity
6 to compete successfully for business
7 opportunities. This is kind of our --I don't
8 want to call it a one-shot window, but this is,
9 I think a critical timeframe and time period
10 where we need to engage in a closer working
11 relationship with our licensees on workforce
12 development issues.

13 Both of our licensees have set out
14 very aggressive -- I would call them aggressive
15 goals of hiring locally whether it's MGM or
16 Wynn. And we want to make sure that we
17 maximize the opportunity to make sure that
18 Massachusetts residents have a chance to get
19 these jobs.

20 Some of the data out there would
21 suggest that there's a tight labor market.
22 There are also people who are certainly
23 underemployed or unemployed. We certainly had
24 a great meeting with the Governor's Workforce

1 Skills Cabinet to talk about this issue.
2 They're focused on it.

3 So, Commissioner Zuniga as you
4 highlighted, this is an area of strong interest
5 and one where I think better collaboration,
6 better communication between us, our licensees
7 and other stakeholders I think is going to be
8 important over the next few years. We don't
9 want to be sitting here two years from now and
10 thinking that we missed an opportunity.

11 So, I would echo your interest in
12 playing through some of those conversations as
13 it relates to the budget a little more
14 thoroughly.

15 COMMISSIONER ZUNIGA: This also
16 comes from a recognition that they exert the
17 greatest influence towards those efforts
18 because they're the ones well, doing the hiring
19 and doing the decisions.

20 Where we are coming here and saying
21 here's how we feel we could complement a long
22 lead very near and dear topic to our hearts, a
23 long lead item, if you will. And it's that
24 understanding, that mutual understanding of

1 where efforts may not be redundant but
2 complementary that I think we need to document
3 and communicate.

4 So, maybe we can have a discussion
5 along those lines next Commission meeting.

6 COMMISSIONER MACDONALD: Well, on
7 that line item with regard to workforce
8 development, if I'm reading this correctly and
9 the proposal for FY17 is for a division total
10 of \$580,800, so basically \$581,000; is that
11 right? What was it last year?

12 COMMISSIONER ZUNIGA: \$250,000, give
13 or take, \$300,000, we can get the figures.

14 MR. LENNON: I have it right here.
15 For '16, it's \$375,884. So, it's almost a
16 \$205,000 increase.

17 COMMISSIONER ZUNIGA: Right.
18 There's a couple of elements. There's a grant
19 portion that was \$125,000 last year?

20 MR. LENNON: Yes, and we increased
21 it to 225.

22 COMMISSIONER ZUNIGA: But then
23 there' also a component of a position.

24 MR. LENNON: A new FTE for, I think

1 20 pay periods, which I think there was a good
2 business case made for. There's an additional
3 piece that we're funding towards a joint
4 position with the community colleges.

5 And then there is a \$20,000
6 component towards buys at conferences, which I
7 think that's a no-brainer with this type of
8 area. That's the type of stuff that this
9 workforce supplier diversity, getting into
10 those conferences, getting at the table is an
11 efficient way of using the money.

12 COMMISSIONER STEBBINS: I would just
13 say, the money we've budgeted for the statewide
14 workforce coordinator to the community
15 colleges, we're hoping obviously to leverage
16 money from the community colleges also to put
17 in that position. So, it's not just our budget
18 and our licensees funding the whole spot.

19 MR. LENNON: I think we have half or
20 one-third of the cost of it.

21 COMMISSIONER ZUNIGA: Other
22 questions on that note?

23 COMMISSIONER MACDONALD: I might
24 just make a comment. Amongst the things that's

1 been most impressive to me since I came onto
2 the Commission has been the work of the
3 workforce development division and the efforts
4 made by our licensees in that regard.

5 I think it's really quite stunning
6 as to the efforts. So, it's not a surprise at
7 all to me that as we are ramping up here to man
8 the constructions crews in anticipation of
9 opening up these Category 1 casinos that this
10 portion of the Commission's staffing would be
11 ramping up as well.

12 COMMISSIONER ZUNIGA: Did you want
13 to comment, Commissioner?

14 COMMISSIONER CAMERON: I guess the
15 question is that our role in that compared to
16 the licensees' role, how much do they choose to
17 do that on their own without our assistance and
18 how much of it is a shared responsibility?

19 I think that same question can be
20 asked for the community colleges. A
21 significant portion of money went to the
22 community colleges directly. So, then for us
23 to fund on top of that is a question. I would
24 love to hear more about the business case for

1 that as well.

2 COMMISSIONER STEBBINS: I think it's
3 building -- My view of it is we've moved past
4 license. We're getting into construction. Now
5 I think we need to be more thoughtful and all
6 of us need to kind of shift some focus.

7 I think our licensees have obviously
8 done this in other jurisdictions. MGM is from
9 all reports and Director Bedrosian gave his
10 viewpoints earlier to me on his trip to
11 Maryland. We're seeing a lot of good things
12 that MGM is doing with respect to partnering
13 with the community colleges down in Maryland
14 for the opening of National Harbor.

15 I think it is now beginning to look
16 toward the permanent operational workforce
17 issues. Engaging the other stakeholders, as we
18 had a meeting with the Governor's Workforce
19 Skills Cabinet work with our licensees to begin
20 to figure out who is going to tackle what.

21 Western Mass. is a great example of
22 there's already a need for people in the
23 culinary and hospitality area. So, adding MGM
24 is only compounding the need for people with

1 culinary skills, hospitality skills.

2 So, how do all of these pieces begin
3 to get pulled into the table? Who is going to
4 take responsibility for what? Whose got the
5 particular interest?

6 So, I look at this as the start of a
7 good discussion but certainly adding something
8 to the workforce and supplier diversity
9 development budget is certainly highlighting
10 our focus. We are heading into this two-year
11 period of this should be an important focus
12 because they open in two years. And after that
13 the attention will tail off somewhat.

14 COMMISSIONER ZUNIGA: Part of what
15 we're starting to see is that some of the
16 feedback we get from licensees really comes
17 from the fact that they are very different and
18 different in their development cycle.

19 You mentioned Western Mass. And
20 that could very well be a very good business
21 case. It may be different in Eastern Mass.
22 when it comes to backfill and hospitality and
23 the like. That's just going to be the nature
24 of these dynamics.

1 We are just going to have to
2 understand that the feedback from somebody
3 might not be the same from somebody else just
4 because there are different operations. There
5 are different stages and they are recouping
6 their investment at different speeds and so on.

7 That reminds me of a topic that I
8 wanted to talk about a little bit about the
9 process, the budget process which came up. We
10 are not ready to discuss in any detail today or
11 even next Commission meeting when we will
12 approve the budget, and that is the possibility
13 of assessing costs directly based on licensee.

14 The question has come up as to
15 whether we could do that. I don't know that --
16 We need to first think about the legal
17 framework. And I've asked Director Bedrosian
18 and Counsel Blue to look at that. I don't know
19 if you are going to put together a memo. I
20 suspect you might want to consult with our
21 outside counsel relative to portions of the
22 statute.

23 There's a lot of clarity relative to
24 proration of costs which is what we have been

1 doing. It is less clear whether we could
2 assess certain costs directly to certain
3 licensees.

4 And that's coming from feedback
5 because I understand that they have very
6 different lifecycles in that development
7 project.

8 Again, we are going to look at that
9 possibility. That doesn't matter -- That
10 doesn't bear into the approval of this year's
11 budget. We will approve regardless however we
12 feel on the actual assessment. It might change
13 -- I don't know if it will. -- how the
14 distribution of the assessment is prorated
15 among the different licensees. At the core of
16 it all is the dynamics that recognize that they
17 are in different stages of development.

18 Let me mention one more thing
19 relative to the budget. This year, which is in
20 your memo but I will highlight for the record,
21 we've done typically a benchmarking of all of
22 our costs to other regulatory bodies. This
23 year I am taking the lead on that. I've done
24 some of that. I still need to do a little bit

1 more due diligence.

2 It is a classic example of apples
3 and oranges. We have different constraints and
4 regulatory directives. Where Maryland operates
5 in a certain way and Pennsylvania operates in
6 another, the lottery is part of one, Attorney
7 General costs are not and so on and so forth.

8 So, I have a chart that's already
9 been put together by the finance team that I'm
10 going to be updating, a straight comparison by
11 some ratio misses the point, but we are going
12 to be updating the Commission on the
13 benchmarking and reasonability of where we
14 stand relative to our regulatory costs.

15 I like to say that even in that
16 chart there's very important intangibles that
17 factor into the conversation like the tax rate,
18 like the market and the exclusivity on the
19 regional monopoly that they have here versus
20 other places. So, even a straight comparison
21 is a little elusive.

22 But it is important for us to look
23 at it, to continue to look at it to see how
24 regulatory costs stack up on different areas.

1 How we stack up against other agencies and
2 that's also going to be forthcoming.

3 COMMISSIONER CAMERON: I look
4 forward to that. Thank you.

5 COMMISSIONER ZUNIGA: Al right, any
6 other comments to make Director or highlights
7 on the budget?

8 MR. LENNON: No. I just ask that we
9 open this up for public comment, come back to
10 the next meeting with recommendations on a
11 budget number.

12 Once again, I just want to give a
13 thanks to our licensees. I want to give a
14 thanks to the Commissioners, Executive Director
15 Bedrosian, all of the directors that came here.
16 I am in a very lucky unique position where I
17 get to listen to everyone and the passion that
18 they have for their jobs. And it comes across
19 when they talk about each area.

20 Not everyone agrees as you can see
21 with the workforce supplier diversity
22 discussion. And it's really nice to see people
23 who care about their area that they work in and
24 they're advocating hard for it.

1 And on the licensee's side, the same
2 way. They care about their business
3 environment. So, they're advocating hard to
4 try and to keep it a very competitive business
5 market. So, it's just been a very nice process
6 to be in this position.

7 COMMISSIONER CAMERON: I actually
8 would like to thank you and your team for
9 several years in a row now coming up with a
10 very comprehensive questions asked. You can
11 explain them. You have the expertise. It's
12 apparent to me that there's been a lot of
13 thought and a lot of effort to collaborate.
14 That's appreciated.

15 COMMISSIONER ZUNIGA: Thank you. If
16 I could characterize at a high level this year
17 comparison versus let's say prior years,
18 perhaps goes without saying but it's an area of
19 building, of doing a lot of effort internally.
20 We've done away significantly with our reliance
21 on outside help that's costly but necessary
22 when one is in startup mode.

23 When we are looking at the staffing
24 and the activities, I think there's a lot that

1 we can do now with our own efforts. There's a
2 lot to continue to build. There's a big
3 licensing effort in the management system.
4 There's a lot of investigations that we do. We
5 used to rely a lot on consultants. And we've
6 taken a lot of that in house.

7 That's the theme. The hard work
8 continues. We're just doing it a lot more
9 efficiently, I might argue. That's a big take
10 away for me that I want to highlight as part of
11 this budget.

12 Okay. So if there is no more
13 questions on the budget, we'll look forward to
14 the comment. We'll post it on our website and
15 look for comment from licensees and other
16 interested parties.

17 MR. BEDROSIAN: Members of the
18 Commission, if I could just interrupt. I
19 apologize. I'm probably going to have to leave
20 a little early to get to the aspiring managers
21 program.

22 I don't think there's anything else
23 in the agenda that is not taken care of without
24 my participation. It might go more smoothly.

1 Having said that, I am going to give you a
2 heads up. Based on what I know is in the
3 pipeline, the June 23 meeting could be a long
4 meeting.

5 So just for schedules, for people
6 who are online thinking about it that could be
7 a particularly long meeting.

8 COMMISSIONER ZUNIGA: But that is
9 one that we are here, right?

10 MR. BEDROSIAN: We are here. We'll
11 have a the budget and there are a number of
12 other items that I think are percolating that
13 need resolution in June that we'll put on the
14 agenda. So, it'll just be packed with a lot of
15 different things.

16 COMMISSIONER ZUNIGA: Very good.
17 Look forward to that. Thank you and our
18 congratulations to our employees who are
19 completing this program. Thank you team. Do
20 we need a break anybody? Can we keep going?

21 Let's go to the item number (4)
22 legal division, Counsel Blue.

23 MS. BLUE: At the last meeting, the
24 Commission approved on an emergency basis 205

1 CMR 6.46. That was the addition of the
2 pentafecta pool wagering. At that time, you
3 also gave the staff permission to take that
4 through the regular promulgation process.

5 So, in your packet today is a small
6 business impact statement. This is the first
7 step in taking that regulation through the
8 formal promulgation process. So, we're asking
9 today for you to approve the small business
10 impact statement for filing.

11 COMMISSIONER ZUNIGA: The small
12 business impact statement in the packet, is
13 there a motion or discussion?

14 COMMISSIONER STEBBINS: Mr. Chair, I
15 would move that the Commission approve the
16 small business impact statement for 205 CMR 6,
17 Pari-mutuel Rules for Thoroughbred Racing
18 essentially 6.46 the pentafecta pools and begin
19 the formal promulgation process.

20 COMMISSIONER CAMERON: Second.

21 COMMISSIONER ZUNIGA: Motion is made
22 and second, any other discussion? All those in
23 favor, aye.

24 COMMISSIONER CAMERON: Aye.

1 COMMISSIONER MACDONALD: Aye.

2 COMMISSIONER STEBBINS: Aye

3 COMMISSIONER ZUNIGA: Opposed? The
4 ayes have it unanimously. Is that the only
5 item on the agenda for the legal division?

6 MS. BLUE: That's all we have, thank
7 you.

8 COMMISSIONER ZUNIGA: Thank you,
9 Counsel. I think next is the workforce
10 supplier diversity update from Director
11 Griffin.

12 MS. GRIFFIN: Good morning. First I
13 want to say I welcome the discussion in two
14 weeks regarding the budget. And I'll come
15 prepared with a business case and look forward
16 to that.

17 I wanted to give you a little bit of
18 a brief update with what I've been doing and
19 also followed by a recommendation to some
20 changes in our reporting guidelines for
21 supplier diversity.

22 First, I want to tell you that I see
23 firsthand that our licensees continue to take
24 diversity during the design and construction

1 period very seriously. In both Eastern and
2 Western Massachusetts, they're in close
3 communication with the unions, their
4 contractors, their subcontractors regarding
5 ensuring that their diversity goals are met and
6 exceeded. I've been attending meetings with
7 many of those parties.

8 I recently attended a series of open
9 houses held by MGM for women interested in a
10 career in the construction trades. Six unions
11 were represented. They highlighted information
12 about their trade, work requirements and
13 information about the entry process.

14 It was attended by folks who were
15 involved in nonprofits like YouthBuild, and
16 already seem to have somewhat of an interest.
17 And others who were just considering it as a
18 potential career. So, it was very, very
19 encouraging to hear some of the great questions
20 that were asked of the mainly young people in
21 the room.

22 Recently Wynn held a meeting.
23 Commissioner Stebbins and I attended this
24 meeting where more than 100 food vendors who

1 were interested in serving the three shifts of
2 construction workers that will ultimately be
3 on-site. There was a very strong interest in
4 being selected as one of those vendors. So,
5 that was we thought a very creative idea in
6 terms of how to involve local small, very small
7 businesses in many cases in the opportunities
8 during the construction of the site.

9 These opportunities, the vendors
10 will not have a direct relationship with Wynn
11 financially. The construction workers will pay
12 for their meals but they will be selected based
13 on their capacity to handle the large number of
14 workers and probably their menu and other
15 things.

16 COMMISSIONER ZUNIGA: So, who's
17 selecting them?

18 MS. GRIFFIN: They will submit a
19 proposal and information to Suffolk
20 Construction and Wynn. And a joint team will
21 review those proposals.

22 During the meeting, there was some
23 discussion about food vendors collaborating.
24 So, there's several incubators in town that

1 house food trucks. I just thought it was a
2 very creative way of involving many businesses
3 who might not have a shot regularly.

4 COMMISSIONER STEBBINS: I think the
5 folks from Wynn would say they were impressed
6 by the turnout and the response they got.
7 Understanding where they're building, there
8 aren't a lot of food options within an
9 immediate walking area. Because the breaks are
10 so short for lunch, they're going to have these
11 food trucks kind of planted around the property
12 depending on the development process.

13 Commissioner Zuniga, your friends at
14 Al's Subs were present, but it was a great
15 turnout. Jill told me ahead of time not to
16 expect food trucks and samples, but I went to
17 the meeting anyways. But it's a great
18 opportunity.

19 As Wynn explained it, you get in.
20 You get your foot on the ground and essentially
21 over a two and a half year construction process
22 you'll have a steady line of business. So,
23 it's a great opportunity for some of these
24 smaller businesses to take advantage of.

1 MS. GRIFFIN: I would add that in
2 addition to food trucks, like Commissioner
3 Stebbins mentioned, there were actually some
4 restaurateurs who are interested from Boston,
5 Chelsea, Everett, Malden. The meeting was held
6 in Malden. So, it was a great meeting. So, I
7 will continue to keep you updated.

8 COMMISSIONER ZUNIGA: And I continue
9 to look forward to it because I find all of
10 these things fascinating. What we understand
11 from our updates on economic development
12 reports in our SEIGMA study, the numbers like
13 the induced numbers, this is a clear example of
14 what spending trickles down into local
15 community. And these examples are great
16 examples.

17 It's also fascinating from a
18 logistics perspective. There will be so many
19 people on-site 24 hours a day because they're
20 running a third shift that's mostly a cleanup
21 crew, but still a lot of people on-site that
22 all of these things become paramount to their
23 ability to continue and develop -- complete the
24 project on time. So, we look forward to

1 continuing to getting those updates, Director.

2 MS. GRIFFIN: Absolutely.

3 COMMISSIONER MACDONALD: Jill, you
4 said that there are some restaurateurs who
5 showed up. But it is primarily comprised of
6 food truck operators?

7 MS. GRIFFIN: It was. I recognized
8 many of the food trucks that you may see out
9 and about and others that are more local and
10 service the local communities. For example,
11 I'm forgetting the name but there's a food
12 truck that is a business that is run by local
13 veterans.

14 Yes, so it was a real mixture but
15 mostly very small businesses.

16 COMMISSIONER STEBBINS: And they
17 were talking to each other afterwards trying to
18 think of could I do breakfast shift, you do
19 lunch shift or whatever. It was a great
20 meeting. It was a great meeting, great group
21 of people they pulled together.

22 MS. GRIFFIN: And also I just wanted
23 to update you on a very new project. We've had
24 initial conversations. You may remember the

1 community colleges have come up at the
2 collaboration of community colleges MCCTI, the
3 Mass. Casino Careers Training Institute. They
4 have a memorandum of understanding with the
5 Massachusetts Gaming Commission to work
6 collaboratively regarding workforce
7 certification, training, licensure and other
8 requirements.

9 We are further collaborating to
10 initiate a culinary and hospitality workplace
11 needs assessment for the greater Boston region.
12 This will result in an occupational skill gap
13 analysis report with recommended strategies to
14 address the region's culinary and hospitality
15 workforce needs.

16 This is a strategy that has already
17 taken place in Western Mass. And it is
18 something that will result in a form that will
19 highlight the strengths of the workforce
20 development network in the region. And it will
21 also highlight the gaps.

22 This is something that we are going
23 to be collaborating with SkillWorks, which is a
24 program housed at the Boston Foundation, Bunker

1 Hill Community College and Roxbury Community
2 College, and we anticipate also with the
3 licensee.

4 So, I look forward to updating you a
5 little bit more on this moving forward. But I
6 think there's a real opportunity to get the
7 information out about where the gaps are, how
8 we can expand the capacity of the workforce
9 development system in specific areas like
10 culinary, food and beverage, hotel, front and
11 back of the house.

12 We are interested in kind of
13 aligning funding. So, getting workforce
14 funders. SkillWorks is a workforce funders
15 collaborative. There are other state programs
16 that are involved in this as well. We think
17 this could be beneficial to the licensee and
18 other employers in the region.

19 COMMISSIONER ZUNIGA: So, what is
20 the timing that we might expect? I'm really
21 curious. When might this gap analysis be
22 completed?

23 MS. GRIFFIN: We are looking -- We
24 can give you probably a first report when the

1 community colleges come in. We've invited them
2 for a July update for all of their works. So,
3 we can give you at least an initial report.

4 But we think we'll have the bulk of
5 the work done before the fall. So, this is a
6 summer project.

7 COMMISSIONER ZUNIGA: Great. So, it
8 was SkillWorks, Bunker Hill and Roxbury
9 Community College?

10 MS. GRIFFIN: That's right. And we
11 anticipate potentially more partners but we
12 haven't yet reached out. We just have had
13 initial conversations to this point.

14 COMMISSIONER ZUNIGA: It strikes me
15 that economic development officials city of
16 Everett, city of Boston could be great people
17 to seek input from.

18 MS. GRIFFIN: Right. We actually
19 had that conversation. Absolutely. So, that's
20 my brief update.

21 Why don't I move. I am here to
22 recommend that the Commission adopt and
23 implement new guidelines regarding supplier
24 diversity reporting during the design and

1 construction of the Category 1 gaming
2 establishments.

3 I am highlighting this because it
4 would be a change from existing state policy.
5 In accordance with 205 CMR 135.02(1) project
6 schedules and reporting, the Commission may
7 create guidelines to aid the Commission in its
8 review and monitoring of the project.

9 By way of a little bit of
10 background, I know you are well aware, but the
11 gaming licensees have provided an affirmative
12 action program of equal opportunity that was
13 approved by the Commission. And they've set
14 specific goals for the utilization of minority,
15 women and veterans on construction jobs and for
16 contracting with minority-, woman- or veteran-
17 owned businesses during design or construction.
18 They are required to report on a regular basis
19 to the Commission.

20 So, currently while a company is in
21 the process of obtaining supplier diversity
22 certification, the business cannot be counted
23 by a gaming licensee as an MBE, WBE or VBE
24 towards the diversity goal requirement. We are

1 recommending that that be consistent and we
2 keep that policy.

3 We are however saying that the
4 company can be noted in the gaming licensee's
5 report as a company that is the process of
6 obtaining certification. But this is where it
7 varies from the existing state policy, I am
8 recommending that as soon as a company can
9 confirm certification as an MBE, WBE and/or VBE
10 by one of the certification entities that has
11 been approved by the Commission in accordance
12 with 205 CMR 135.01, the gaming licensee may
13 retroactively add the dollar value paid to that
14 company to its overall diversity spend from the
15 date of the initial payment initiated to the
16 company under that contract.

17 Also, I am further recommending that
18 there be ultimate transparency about this. So,
19 that such addition should be made by use of a
20 footnote or a report notation to the
21 Commission's quarterly report noting that dates
22 and the dollar amounts associated with the
23 firm's precertification and post-certification
24 status.

1 We are also recommending that the
2 gaming licensee be responsible for maintaining
3 clear records evidencing when the company
4 commenced work on the project and the date of
5 certification.

6 So, the records could include a
7 contract, records of payment and proof of
8 diversity certification, you know, the letter.
9 And those records will be subject to audit by
10 the Commission.

11 So, in your packet, I've included
12 the regulations that the state supplier
13 diversity office uses to determine whether a
14 firm should be certified as an MBE or WBE
15 because the onus really for these
16 recommendations is on our licensees and their
17 contractors. If the firms don't eventually get
18 certified, no credit should be taken in the
19 records.

20 Certification by any other agency
21 other than those recognized by the Commission
22 in 205 CMR 135.01 shall not confer diversity
23 status on a company for purposes of the
24 participation credit.

1 So, that's in a snapshot the
2 recommendation.

3 COMMISSIONER CAMERON: Director
4 Griffin, can you just provide a little
5 background on how this recommendation came to
6 be?

7 MS. GRIFFIN: Yes. So, I had
8 several questions and clarifying conversations
9 from our licensees. One question was asked on
10 whether we consistently followed the state
11 policy and whether we would entertain a
12 different policy.

13 And I had conversations with our
14 state supplier diversity office General
15 Counsel, and I'll actually outline other due
16 diligence, but I wanted to give you a real
17 example. In thinking about this, our
18 licensees, the Commission and their contractors
19 we're all moving towards the same goal. We
20 want diversity participation. We want equity.
21 And we also want to capture the full diversity
22 of the work on the project.

23 One real example of how the current
24 process is working or not working, TNM a

1 subcontractor to Fontaine out in Western Mass.
2 on the mission project identified themselves
3 late in the process as a veteran, towards the
4 end of the process. And MGM and Tishman urged
5 them to initiate the certification process so
6 they could become recognized as a veteran-owned
7 business, which they did.

8 So, under the current policy,
9 \$800,000 of that work or thereabouts -- That's
10 a rough estimate. -- cannot be credited because
11 the contract was signed and the work was
12 performed prior to the certification.

13 In my conversation yesterday with
14 Mai Ling (PHONETIC) Rodriguez the compliance
15 officer from Tishman, she said we want to count
16 every penny paid to the diverse contractors.
17 We want to exceed our diversity goals. So, I
18 would say that this recommendation is in line
19 with that thinking. We all want our licensees
20 to be successful in exceeding their diversity
21 goals and to be able to count every penny.

22 But why don't I just talk to you a
23 little bit about the due diligence that I
24 performed regarding this change. I did talk to

1 our supplier diversity office from the state.
2 They indicated that the key to this policy
3 being successful is transparency. They didn't
4 think there was any problem with this. I think
5 the state has a policy. They have many, many
6 different contractors, many different projects.
7 And we have a focused policy where we can veer,
8 I think.

9 I also talked to the Greater New
10 England Minority Supplier Development Counsel.
11 They indicated it makes sense. It's very
12 progressive. And as long as the process is
13 factually demonstrating the ethnic diversity,
14 they don't have a problem with it. They
15 further thought that it may incent businesses
16 to understand the value of certification and
17 encourage businesses to get certified.

18 I also spoke to both licensees and
19 their contractors and they were in support of
20 these changes.

21 COMMISSIONER CAMERON: Thank you.
22 That's very helpful and actually makes a lot of
23 sense.

24 COMMISSIONER STEBBINS: It does. I

1 think collectively, as the Commission we've had
2 this notion or this assumption or spirit of
3 support to the idea that because these
4 development projects are moving so fast to have
5 somebody excluded because they couldn't compete
6 for the work while they were awaiting a
7 certification -- And sometimes the
8 certification process is thorough and long. --
9 that we were not doing our licensees any favors
10 by saying you can't count that.

11 They've all set aggressive floors
12 for participation by minority-, woman- and
13 veteran-owned businesses. We've always talked
14 about veterans being kind of a new component to
15 all this. We didn't want somebody saying you
16 compete because I haven't got my certification.
17 It doesn't do the licensee any good. It
18 doesn't do the small business any good. So, I
19 think what Jill has capsulized here is going to
20 be a win-win for our licensees.

21 I think our licensees will need to
22 have an understanding somewhat of the
23 certification process so they know why somebody
24 might get kicked out. Concerns that SDO always

1 conveys to us of dad's owned the business.
2 There's an opportunity now we'll put the
3 business in my daughter's name, some
4 shenanigans like that. So, there are some
5 pitfalls to it.

6 But I think what Jill has done is
7 capsulized this in a way that it's going to
8 benefit the licensees, not slow the projects
9 down and benefit the small businesses who are
10 looking at this for the first time.

11 I would also suggest, I know you've
12 talked with Counsel Grossman a little bit about
13 this, is a way of making sure we can convey
14 this kind of policy guideline to the
15 operational phase. Right now, Jill is talking
16 about it for the construction phase but making
17 sure that it carries over to the operational
18 phase as well. We can probably do that in
19 short order in the reporting requirement
20 guidelines.

21 COMMISSIONER MACDONALD: Jill, as
22 part of your due diligence on this and maybe
23 this is answered by what Commissioner Stebbins
24 just said, but has this been run by legal so

1 that we are comfortable that there is no issue
2 from this being a departure from current state
3 practice?

4 MS. GRIFFIN: Our legal?

5 COMMISSIONER MACDONALD: Yes.

6 MS. GRIFFIN: I worked closely with
7 Attorney Grossman on this. He was very
8 supportive through this process. And I also
9 had a conversation with General Counsel for
10 Supplier Diversity Office for the state.

11 COMMISSIONER MACDONALD: Great.

12 COMMISSIONER ZUNIGA: I couldn't
13 agree more with the recommendation. I think I
14 agree with everything that you said
15 Commissioner, that you present, Director.

16 With all due respect to helping our
17 licensees, I am really focused on making sure
18 there's no barriers or we can minimize as many
19 barriers as we can to the minority- and woman-
20 owned businesses.

21 A real difference between us and the
22 state in this context is that the intensity and
23 speed by which once -- And they have gotten
24 this project going. -- once they get going,

1 there's going to be multiple reasons to get on
2 board very quickly.

3 And the prospect that somebody has
4 missed because they didn't raise their hand,
5 they didn't know that veteran counted or they
6 didn't get their certification because it's
7 ongoing and the project cannot wait for them,
8 is too much of an opportunity to be missed.
9 So, I really agree with the recommendation.

10 I find the flip side of the
11 potential for misuse of this to be very
12 minimal, because we also license and we also
13 confirm things like ownership and things like
14 that. So, I know I've talked to you about how
15 we can think about leveraging the work we do
16 with the work that the Supplier Diversity
17 Office does and other certifying bodies. And
18 that's ongoing and that's for later.

19 But the world knows that we
20 scrutinize all vendors very thoroughly but more
21 importantly the licensees know and communicate
22 that. So, I find that risk to be really,
23 really minimal. And ultimately costly for the
24 licensees if there's a finding that something

1 was not the case.

2 So, I really agree with the
3 recommendation. I think it's a great context
4 to compare and contrast with the Supplier
5 Diversity Office. I know why they have to do
6 what they do. They are running a statewide
7 program. It's ongoing. It's many, many
8 projects as you say. We are very different in
9 that regard.

10 So, I think it's very appropriate to
11 detour from state practice, the freedom that we
12 have for making our own policy in this regards.

13 COMMISSIONER STEBBINS: I would just
14 echo because it was a case of a veteran-owned
15 business that kind of sparked this
16 conversation. Again, as much as we can impress
17 upon people watching this, people listening in
18 or reading the transcripts of our meetings, the
19 veteran business piece is still a new reality
20 somewhat.

21 In the case of this veteran not
22 knowing that his business could have helped the
23 licensee's overall spend, we encourage veteran-
24 owned businesses to raise your hand, step

1 forward, get certified, get licensed, get
2 acknowledged as a veteran-owned business so
3 they won't miss out on the opportunities.

4 COMMISSIONER ZUNIGA: Do you need a
5 vote or not really?

6 MS. BLUE: I noticed it's not listed
7 for a vote on the agenda. I think it is a very
8 important policy. It does deviate for very
9 good reasons from the state standard. So, I
10 think a vote would be appropriate.

11 So, my suggestion would be that we
12 take it and we post it for the next meeting.
13 We bring it back for you to vote on as a
14 policy. That'll give us time to get comments
15 maybe from the supplier portion. We've gotten
16 a lot of good comments from other areas.

17 But then we can do a very quick
18 vote. And it'll be out there and it'll be a
19 formal policy. So, I would suggest we put it
20 out for comment for about a week and a half,
21 bring it back to the next meeting and then have
22 you vote on it.

23 COMMISSIONER STEBBINS: Can we also
24 position it when we post it to engage the

1 conversation also on the operational side so
2 we're doing this all at once?

3 MS. BLUE: I think that would be
4 good. That would give us the opportunity to do
5 that at the same time.

6 COMMISSIONER STEBBINS: Great.

7 COMMISSIONER ZUNIGA: Sounds good.
8 One more item to that long meeting on the 29th
9 or whenever it is.

10 MS. BLUE: The 23rd, yes.

11 COMMISSIONER ZUNIGA: Great. Sounds
12 good. Is that the end of your update,
13 Director?

14 MS. GRIFFIN: That is the end of my
15 report. Thank you.

16 COMMISSIONER CAMERON: Thank you,
17 Director.

18 COMMISSIONER MACDONALD: Thank you.

19 COMMISSIONER STEBBINS: Thank you,
20 Jill.

21 COMMISSIONER ZUNIGA: Thank you very
22 much. Next item on the agenda is horse racing,
23 Director Lightbown and guests.

24 DR. LIGHTBOWN: Good morning,

1 Commissioners. In front of us today, we have
2 Suffolk Downs' request for their purse account
3 money from the Race Horse Development Fund.
4 They're asking for \$2.4 million which is
5 similar on a per race day with what they asked
6 for last year which was \$400,000 per day. This
7 year they'll be running the six days instead of
8 the three.

9 In the Race Horse Development Fund
10 money basically unexpended from last year purse
11 money going towards thoroughbreds, there's
12 about \$8 million. So, there's plenty of money
13 to fund the Suffolk request.

14 On the Brockton group, they did come
15 in with a supplemental application last week.
16 There were still some things in it that they
17 need to be fine-tuned. Catherine and I met
18 with them to go over that.

19 So, we don't have definite per race
20 day numbers for that. They're going to come
21 forward with that. They're looking in general
22 for \$5 million over the 30 days of racing. So,
23 even if they do come in and ask for the full \$5
24 million, there would be enough just in what was

1 left that hasn't been expended in the
2 thoroughbred pot to cover both of those meets,
3 and the amounts to go to the different
4 horsemen's groups.

5 As you all know, the racing
6 committee is meeting to go over the split. One
7 of the things they could do is change the
8 split. I guess they could also go into the
9 fund and change the amount of the money that's
10 left in there. So, that could be changed. But
11 we know that this money is only given out if
12 the money exists in the pot.

13 So, my recommendation was to go
14 ahead and approve the money for Suffolk Downs
15 for their purse money, the \$2.4 million.

16 COMMISSIONER ZUNIGA: The total
17 request is \$2.4 million?

18 DR. LIGHTBOWN: For purses.

19 COMMISSIONER ZUNIGA: We're going to
20 get into a later request in a little bit,
21 correct?

22 DR. LIGHTBOWN: Yes.

23 COMMISSIONER ZUNIGA: Relative to
24 administrative costs?

1 DR. LIGHTBOWN: Correct.

2 COMMISSIONER ZUNIGA: So, for
3 purses, the \$2.4 million figure, it's now six
4 days that they intend to race. So, that comes
5 out to the exact per day amount as was last
6 year.

7 DR. LIGHTBOWN: Right. In addition
8 to that they'll also have Mass. bred races that
9 are funded separately from this. So, the
10 actual purses given out may be \$500,000, maybe
11 a little bit more depending. And Chip Tuttle
12 is here if you have any further questions.

13 COMMISSIONER ZUNIGA: Mr. Tuttle, if
14 you want to comment.

15 MR. TUTTLE: Just the same comment,
16 Commissioners that we are staging the races
17 again this year four weeks apart to accommodate
18 the Mass. breeders so that they have the
19 ability to run their horses, the stakes races
20 over the various weekends.

21 Pardon me -- That we are staging the
22 races four weeks apart, the three different
23 weekends to allow the Mass. breeders the
24 opportunity to have their stakes races at our

1 venue. That'll add additional money so that we
2 will be averaging about \$500,000 a day in
3 purses of the six days.

4 COMMISSIONER ZUNIGA: I'm sorry. Go
5 ahead.

6 COMMISSIONER CAMERON: I just wanted
7 to say that I know the three race dates last
8 year were successful. I think six will
9 certainly -- we anticipate those being
10 successful as well. I did have one question,
11 what about the steeplechase this year?

12 MR. TUTTLE: We have in our
13 (INAUDIBLE) book we have one steeplechase race
14 per day or six steeplechase races. How they're
15 going to get spread out, we really don't know
16 yet. That will be based on how they fair and
17 whether or not we need them.

18 COMMISSIONER CAMERON: There was a
19 little bit of confusion last year because they
20 hadn't been done here in the Commonwealth.

21 MR. TUTTLE: Yes. It's interesting
22 and a little bit different for the fans and for
23 things like that. We doubled the program from
24 last year. So, it may be little bit more

1 difficult to recruit the horses to fill the
2 races. And we wanted to include the
3 steeplechase just so that we have that option
4 if we need it.

5 COMMISSIONER CAMERON: Great.

6 COMMISSIONER MACDONALD: I'm a
7 little bit unclear about what comprises the
8 purses or from what sources the purses come.
9 As I understand this, this is a recommendation
10 that a certain amount that the \$2.4 million
11 goes from the Race Horse Development Fund which
12 would then be used to fund purses.

13 But are there other sources of the
14 purses as well? I would have thought the
15 betting on the day of the races would be a
16 source as well.

17 MR. TUTTLE: They are. There are
18 other statutory sources of purse money and
19 traditional contractual sources of purse money
20 through the years that we've had with by
21 agreement with the HBPA.

22 In March of last year, legislation
23 was passed that allowed a lot of the statutory
24 -- what was previously statutory purse money to

1 be used to offset racing expenses.

2 So, much of what was prior -- used
3 for purses prior now goes to offset the expense
4 of live racing. So, the funding for the purses
5 for these six days would be the Race Horse
6 Development Fund and the Massachusetts
7 thoroughbred breeders, their funding as well.

8 COMMISSIONER MACDONALD: And then
9 the proceeds of the betting at the track on the
10 day?

11 MR. TUTTLE: That all goes into a
12 fund that we use to offset the cost of live
13 racing per our agreement with the New England
14 HBPA. We supply a copy of that agreement to
15 the Commission. There's a \$950,000 expense
16 allowance in that agreement. Should we not hit
17 the \$950,000 in expense then the traditional
18 sources of purse money revert to the HBPA. We
19 fully expect we are going to hit the \$950,000
20 though.

21 COMMISSIONER CAMERON: Director
22 Lightbown, do you want -- You have two
23 recommendations here. Do you want to address
24 them separately? Do you want a motion on your

1 first recommendation?

2 DR. LIGHTBOWN: Yes, please.

3 COMMISSIONER MACDONALD: And then
4 you'll speak to the second recommendation?

5 DR. LIGHTBOWN: Yes.

6 COMMISSIONER CAMERON: Okay, great.

7 COMMISSIONER ZUNIGA: Can you
8 mention -- This is of course not a question for
9 Mr. Tuttle, but you mentioned this quickly
10 relative to monies available for the other
11 operation for Brockton and their preliminary
12 request of \$5 million?

13 DR. LIGHTBOWN: Right.

14 COMMISSIONER ZUNIGA: Help me
15 understand that as well. What is the per day
16 comparative on that request?

17 DR. LIGHTBOWN: If they do the 30
18 days, it would end up being around \$150,000 per
19 day, depending. And then some of that money
20 would go back towards operational expenses.
21 That's one of the things that Catherine and I
22 discussed with them. Because right now, they
23 only have the 15 days available to them. And
24 depending on the legislation and what happens

1 with that they would like to have the extra 15
2 days.

3 So, their application will have to
4 reflect kind of what they would do in either
5 instance. And if it was just for the 15 days,
6 the \$5 million, that would be a very different
7 proposal from what they originally brought to
8 the Commission last fall.

9 That would bring the per day rate up
10 to over \$300,000 a day in purses which was very
11 different from what was brought forward last
12 fall. So, that's one of the reasons they are
13 going back and looking exactly at what they
14 want to present to us. They're hoping to have
15 that for the next meeting.

16 Obviously, they had been hoping to
17 open July 1 weekend, the first weekend in July.
18 Now that's going to be pushed back.

19 COMMISSIONER ZUNIGA: And
20 legislation aside, in the worst-case scenario
21 -- worst-case scenario is not really what I
22 mean here. I'm thinking by taking the action
23 today here, we would not be shortchanging, if
24 you will, the possibility of the request of the

1 other operation.

2 DR. LIGHTBOWN: Exactly, right.

3 COMMISSIONER ZUNIGA: Even if they
4 get 30 days --

5 DR. LIGHTBOWN: Correct.

6 COMMISSIONER ZUNIGA: -- to run like
7 they intend to. Whether they get that or not
8 is a different story.

9 DR. LIGHTBOWN: Right.

10 COMMISSIONER CAMERON: Do we need to
11 make a motion here?

12 COMMISSIONER ZUNIGA: Did you have a
13 comment or a motion?

14 COMMISSIONER STEBBINS: No. Going
15 to the motion.

16 COMMISSIONER CAMERON: I move that
17 the Commission approve the request made by
18 Suffolk Downs for payment of \$2.4 million out
19 of the Race Horse Development Fund for the
20 purpose of funding purses at a six-day race
21 meet proposed by Suffolk Downs as more fully
22 described in the memo by Dr. Alex Lightbown
23 found in the Commission packet.

24 And I further move that the

1 Commission approve the additional payment of --

2 MS. BLUE: Commissioner Cameron, I
3 don't think you've considered the payment to
4 the horseman's group yet.

5 COMMISSIONER CAMERON: So, I'm going
6 to end the motion right here with this approval
7 of the \$2.4 million, which is fully described
8 in Dr. Alex Lightbown's memo.

9 COMMISSIONER STEBBINS: Second.

10 COMMISSIONER ZUNIGA: Motion is made
11 for the request from Suffolk Downs and second.
12 Are there any further comments or discussion?
13 All those in favor, aye.

14 COMMISSIONER MACDONALD: Aye.

15 COMMISSIONER CAMERON: Aye.

16 COMMISSIONER STEBBINS: Aye.

17 COMMISSIONER ZUNIGA: Opposed? The
18 ayes have it unanimously.

19 MR. TUTTLE: Thank you very much
20 Commissioners.

21 COMMISSIONER ZUNIGA: When does the
22 meet start? Remind me.

23 MR. TUTTLE: July 9 and 10 will be
24 the first weekend.

1 COMMISSIONER ZUNIGA: Excellent.

2 COMMISSIONER CAMERON: Look forward
3 to it. Thank you.

4 DR. LIGHTBOWN: Part of the purse
5 request also includes an amount that goes
6 towards the Horseman's Association for
7 operational expenses.

8 So, the way the law is set up, they
9 have to request it through the purse agreement.
10 So, Suffolk included that in their request. It
11 was for \$325,000. When I talked to the HBPA
12 about it, they broke it down into \$225,000 for
13 operational expenses and \$100,000 for their
14 feasibility study.

15 In previous years, the Commission
16 did not vote the \$100,000 in. As far as
17 Catherine Blue stated that's not part of
18 operational costs.

19 Bruce Patton could not be at the
20 meeting today. So, I did offer that we could
21 possibly table to vote on the \$100,000. Also,
22 if the Commission would like further
23 information on their \$225,000 budget, we can
24 also delay the vote on that until he can be

1 here at the next meeting.

2 I just have general categories on
3 those expenses and what they cover.

4 COMMISSIONER CAMERON: Dr.
5 Lightbown, that's very similar to last year's
6 request. In fact, I believe it's the same
7 number, correct?

8 DR. LIGHTBOWN: It is, yes.

9 COMMISSIONER CAMERON: I think we
10 are aware of what those expenses are. They've
11 been fully vetted with you and our legal staff.
12 I know that you've been actively engaged in
13 looking at these numbers. I know our General
14 Counsel has really looked at the law and what
15 the money can and cannot be used for.

16 So, I am comfortable that the two of
17 you have fully vetted this issue. And I am
18 prepared, if the rest of the Commissioners
19 agree, to make a motion to approve the 225
20 since it is exactly the number we approved last
21 year and those numbers have been vetted.

22 COMMISSIONER ZUNIGA: We could do
23 that in a minute. I have a question as to what
24 that would fund.

1 COMMISSIONER CAMERON: Would you
2 like more information on that 225 before we
3 approve?

4 COMMISSIONER ZUNIGA: I was hoping
5 to but it sounds like Mr. Patton could not be
6 reached in time for that description. I am
7 comfortable with what you just said which is
8 essentially a baseline of what we've done so
9 far or what we did last year. I was the one
10 who asked Dr. Lightbown what the \$140,000 line
11 item for. If it's the same as last year, I'll
12 go along with your motion if you make it
13 Commissioner. But I was the one who wanted to
14 know what that 140 was.

15 DR. LIGHTBOWN: I did get a little
16 more clarification on that. It covers things
17 like their bookkeeper, their director, Lou
18 Rafetto as a consultant, their lawyer as a
19 consultant, different positions like that.

20 COMMISSIONER ZUNIGA: These are all
21 operating costs that we approved last year as
22 allowed by --

23 MS. BLUE: Those kinds of costs do
24 fit into the operating or administrative

1 expenses that are allowed under the statute.

2 So, they would be appropriate.

3 They also include their insurance
4 costs for property and liability. That's also
5 appropriate, they're staffing costs. The
6 number is the same and the kinds of costs are
7 the same. It is what the Commission approved
8 last year.

9 COMMISSIONER ZUNIGA: Okay. I'd be
10 happy to entertain a motion, Commissioner.

11 COMMISSIONER CAMERON: So, I move
12 that this Commission approve the additional
13 payment of \$225,000 to Suffolk Downs out of the
14 Race Horse Development Fund for the benefit of
15 the NEHBPA for administrative and operation
16 expenses as described in Dr. Lightbown's memo.

17 COMMISSIONER STEBBINS: Second.

18 COMMISSIONER ZUNIGA: Motion is made
19 and second for the request for \$225,000; is
20 that correct? All those in favor, aye.

21 COMMISSIONER MACDONALD: Aye.

22 COMMISSIONER CAMERON: Aye.

23 COMMISSIONER STEBBINS: Aye.

24 COMMISSIONER ZUNIGA: Opposed? The

1 ayes have it unanimously. And there's a third
2 request that we can talk about.

3 COMMISSIONER CAMERON: There is.
4 Now it sounds like Dr. Lightbown was
5 recommending we table that at this point; is
6 that correct? This is the \$100,000 for the
7 feasibility study.

8 DR. LIGHTBOWN: Just if Bruce Patton
9 wanted to come and speak to it himself. If the
10 Commission and General Counsel Blue has already
11 -- feels that the answer is going to be no on
12 this and doesn't feel that comments from Bruce
13 Patton would change that.

14 COMMISSIONER CAMERON: Did Mr.
15 Patton request that he be here to explain that
16 item? Is there any new information, General
17 Counsel, that you think you can hear on this
18 topic? I know you've done the legal research
19 here.

20 MS. BLUE: I'm not aware of any.
21 This came up before the Commission last year.
22 Last year, the number was somewhere around
23 \$300,000. It was for a number of expenses.
24 The Commission reviewed it, discussed it pretty

1 thoroughly, determined that that was not an
2 appropriate expense. In fact, you can't use
3 the Race Horse Development Fund for that kind
4 of a payment.

5 There have been subsequent meetings
6 between staff and the horseman's group where we
7 have discussed this. We have also explained to
8 them that as well. So, I think the real
9 question is whether the Commission would like
10 to hear from Mr. Patton. Certainly, it can if
11 it wants to.

12 But I don't think that there is
13 anything new that changes the outcome, which is
14 the Race Horse Development Fund as currently
15 structured does not allow for this kind of a
16 payment. Perhaps sometime in the future that
17 could change, but right now it doesn't.

18 So, I think if the Commission feels
19 that it's the same request as last year, then
20 it makes sense to sort of take care of it now.
21 But if you would like to hear from Mr. Patton,
22 then we could hold that piece off until another
23 time and he could come in and speak to you.

24 COMMISSIONER CAMERON: I am

1 comfortable that legal staff and our racing
2 director had multiple meetings and it's very
3 clear and explained the law and what the monies
4 can and cannot be used for.

5 So, I'm very comfortable in the work
6 that's been done with this matter. And for me,
7 I don't think any additional information can be
8 gained about this. As you pointed out in
9 meetings with me that we are following the law
10 here and that does not allow for the monies to
11 be spent in this manner.

12 COMMISSIONER STEBBINS: I echo that.
13 I'm sympathetic to understanding why they're
14 looking for this money. And a lot of it has to
15 do with what the future of thoroughbred racing
16 can look like in Massachusetts. But our hands
17 still seem somewhat tied in terms of using the
18 Race Horse Development money for this purpose.
19 We are kind of caught in the crosshairs.

20 COMMISSIONER MACDONALD: Catherine,
21 for my benefit, the limitation that makes this
22 proposal one that would not be authorized under
23 the statute is what? As I understand, the
24 proposal is \$100,00 for a feasibility study for

1 an equine center broadly defined. What is it
2 about that's inconsistent with the statute?

3 MS. BLUE The Race Horse
4 Development Fund is a product of the Gaming Act
5 not the Racing Act. So, pertinent to the
6 question you asked earlier, there are various
7 sources of funding that go into purses. And
8 under the Racing Act, there are takeouts from
9 the wagers that go into purses.

10 The Race Horse Development Fund,
11 because it is funded by the Category 2 slots
12 money, was designed for purses. The
13 legislation is very specific that it's for
14 purses. As the Legislature worked through it,
15 they realized there were probably some other
16 things that were appropriate in addition to
17 purses.

18 So, they were specific that 80
19 percent of it goes to purses, 16 percent goes
20 to the programs for the breeders. And some of
21 that breeder money goes into purses for races
22 for Mass. bred horses. And there's four
23 percent goes into what I refer to as health and
24 welfare benefits so that the horsemen and the

1 trainers and the drivers can have health
2 insurance, pensions, life insurance, things
3 like that.

4 The study that they are proposing is
5 more really a capital type expense. And those
6 kinds of expenses get dealt with in other parts
7 of the racing statute but they are not payable
8 out of the Race Horse Development Fund.
9 Unfortunately, there's not a good way to pay
10 for this kind of a study under the racing
11 statute either.

12 I am very sympathetic to what they
13 are trying to do. There is not a good place
14 for that money to come from.

15 So, when they raised it with us last
16 year, I think the hope was because the statute
17 was amended in 2015, the racing statute, to
18 allow purse money to be used for operational
19 administrative expenses, they were hoping it
20 would fit into that. But when you think of
21 operations and administrative expenses, you're
22 thinking of track operations, horsemen's
23 organization operations. It doesn't actually
24 fit into that category either.

1 So, there's not a place for this
2 money to come out, not from the Commission.

3 COMMISSIONER MACDONALD: Thank you.

4 COMMISSIONER ZUNIGA: That does it
5 for me in terms of questions and comments. Do
6 you need a motion to deny the request or can we
7 simply not take up the motion?

8 MS. BLUE: I think it would be
9 helpful because the question comes up a lot
10 that we act on the request. You did act on the
11 request last year. So, I think it's good if we
12 act on it this year.

13 COMMISSIONER ZUNIGA: Commissioner,
14 do you have a motion?

15 COMMISSIONER CAMERON: I move that
16 this Commission deny the request by the NEHBPA
17 for payment from the Race Horse Development
18 Fund in the amount of \$100,000 to cover the
19 costs of a feasibility study for the creation
20 of an equine park.

21 COMMISSIONER MACDONALD: Second.

22 COMMISSIONER ZUNIGA: Motion is made
23 and second, further discussion? All those in
24 favor, aye.

1 COMMISSIONER MACDONALD: Aye.

2 COMMISSIONER CAMERON: Aye.

3 COMMISSIONER STEBBINS: Aye.

4 COMMISSIONER ZUNIGA: Opposed? The
5 ayes have it unanimously. Thank you, Dr.
6 Lightbown.

7 COMMISSIONER CAMERON: Thank you,
8 thank you both.

9 COMMISSIONER ZUNIGA: Does that
10 include your update?

11 DR. LIGHTBOWN: Yes, it does.

12 COMMISSIONER ZUNIGA: Thank you very
13 much. That was the last item unless there was
14 any other business. Is there any other
15 business? Is there a motion to adjourn?

16 COMMISSIONER CAMERON: So moved.

17 COMMISSIONER ZUNIGA: Second?

18 COMMISSIONER MACDONALD: Second.

19 COMMISSIONER ZUNIGA: All those in
20 favor, aye.

21 COMMISSIONER MACDONALD: Aye.

22 COMMISSIONER CAMERON: Aye.

23 COMMISSIONER STEBBINS: Aye.

24 COMMISSIONER ZUNIGA: The ayes have
it unanimously. We are adjourned. Thank you.

(Meeting adjourned at 11:48 a.m.)

ATTACHMENTS:

1. Massachusetts Gaming Commission June 9, 2016 Notice of Hearing and Agenda
2. Massachusetts Gaming Commission Meeting Minutes May 10, 2016, May 12, 2016 and May 16, 2016
3. Massachusetts Gaming Commission June 9, 2016 Memorandum Regarding Fiscal Year 2017 Initial Budget Recommendations with attachments
4. Small Business Impact Statement 205 CMR 6.00
5. Massachusetts Gaming Commission June 6, 2016 Memorandum Regarding Supplier Diversity Certification and Retroactive Reporting with attachments
6. Massachusetts Gaming Commission Division of Racing June 6, 2016 Memorandum Regarding Suffolk Downs Request for Race Horse Development Funds with attachments

1 GUEST SPEAKERS:

2 Chip Tuttle, Suffolk Downs

3
4
5 MASSACHUSETTS GAMING COMMISSION STAFF:

6 Ed Bedrosian, Executive Director

7 Catherine Blue, General Counsel

8 Jill Griffin, Director Workforce Supplier and

9 Diversity Development

10 Derek Lennon, CFAO

11 Alex Lightbown, DVM, Director of Racing

C E R T I F I C A T E

I, Laurie J. Jordan, an Approved Court Reporter, do hereby certify that the foregoing is a true and accurate transcript from the record of the proceedings.

I, Laurie J. Jordan, further certify that the foregoing is in compliance with the Administrative Office of the Trial Court Directive on Transcript Format.

I, Laurie J. Jordan, further certify I neither am counsel for, related to, nor employed by any of the parties to the action in which this hearing was taken and further that I am not financially nor otherwise interested in the outcome of this action.

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

WITNESS MY HAND this 13th day of June, 2016.



LAURIE J. JORDAN

My Commission expires:

Notary Public

May 11, 2018