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THE COMMONWEALTH OF MASSACHUSETTS
MASSACHUSETTS GAMING COMMISSION

OPEN MEETING

CHAIRMAN

Stephen P. Crosby

COMMISSIONERS

Gayle Cameron

James F. McHugh

Bruce W. Stebbins

Enrique Zuniga

JUNE 12, 2012, 1:00 p.m.

OFFICE OF THE DIVISION OF INSURANCE

First Floor, Hearing Room E

1000 Washington Street

Boston, Massachusetts

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JUNE 12, 2012

PROCEEDINGS:

CHAIRMAN CROSBY: I think we will call this meeting to order, the June 12, 2012 meeting of the Massachusetts Gaming Commission. We are streaming live.

We have been working different layouts so we can have a little more conversational tone than sitting behind a panel like that. We may keep working on this. This feels a little weird too.

I guess we have minutes, but we are not ready to adopt them.

COMMISSIONER MCHUGH: No, we are not. I posted them, Mr. Chairman, this morning late. I don't think everyone has had a chance to read them. So, I am going to post them in draft form. And then we will approve them with the minutes of this meeting next week.

CHAIRMAN CROSBY: I just have one thing as long as we are talking about it. On page two, it says, Chairman Crosby asked if the Commission is bound by State policies with regard to vacation and other policies or if the Commission has discretion.

I think the answer is we have discretion, but we don't really answer it. It seems like it's an interesting enough question that we ought to maybe answer

1 it in the minutes.

2 COMMISSIONER MCHUGH: I will check, Mr.
3 Chairman, and see whether we answered it at the meeting.
4 If we did, the minutes will reflect the answer.

5 CHAIRMAN CROSBY: Fair enough. Thank you.
6 Administration, executive search, anything new to report,
7 Commissioner?

8 COMMISSIONER ZUNIGA: There is nothing new
9 to report. Responses are due tomorrow by 4:00, I believe.
10 We posted and answered the questions we received by the
11 deadline which was last Friday. They were posted on
12 Comm-Pass and on our website.

13 CHAIRMAN CROSBY: Do we have any in yet?

14 COMMISSIONER ZUNIGA: No, nothing in yet,
15 but people usually wait until the last minute. We will
16 wait and see what happens tomorrow.

17 CHAIRMAN CROSBY: Great, fingers crossed.
18 If we don't get any, you are going to be the executive
19 director.

20 CHAIRMAN CROSBY: We will have to go to plan
21 B.

22 CHAIRMAN CROSBY: On additional hires,
23 there were several things hanging out there. One was
24 interns. Were you going to do something on interns? Or
25 have we just decided we would get interns if and as we need

1 them?

2 COMMISSIONER ZUNIGA: Yes. I believe the
3 decision was, also subject to figuring out and finalizing
4 the question of background checks, but we have drafted the
5 general obligations or general tasks that an intern would
6 have.

7 Part of the question to this Commission is
8 if we think we can keep somebody occupied for a portion
9 of the workweek, I think that is plenty. So, we should
10 move with one position.

11 CHAIRMAN CROSBY: I know Elaine has talked
12 about looking for people to help her too. Do we have any
13 other needs? Do we have an interest? I've got some
14 sources too. Do we want to start a flow of interns coming
15 in for interviews? Or do we really not have the needs at
16 this point, besides the one?

17 COMMISSIONER ZUNIGA: My suggestion would
18 be to start with one as a way to figure out how we work
19 with somebody in terms of assigning tasks, etc. Of
20 course, time relative to the summer internship is running
21 tight.

22 COMMISSIONER MCHUGH: I would like to put
23 in the pipeline, and I don't know if we can get one now,
24 to find a co-op student, a legal co-op student from one
25 of the law schools around town, whether it be Northeastern

1 or one of the other programs.

2 There is a fair amount of work now. Once
3 the summer begins to move forward in the not too distant
4 future, we are going to be in the process of dealing with
5 regulations. I would very much like to have some bright
6 person helping with the reviewing and proofreading and
7 organizing of all that plus some of the other things that
8 I think we could use some help on. So, I would like to
9 put that in the pipeline.

10 CHAIRMAN CROSBY: Can we make a note of that
11 and we can start that?

12 COMMISSIONER STEBBINS: We have, as
13 Enrique mentioned, we have one candidate. We wanted to
14 make the intern experience worth their time as well as ours
15 and make sure they knew what their responsibilities were
16 going to be so that they weren't sitting in the office
17 yelling at us if they didn't want to make copies.

18 We pretty much told them, whoever he or she
19 is that it is going to be all hands on deck for a while.
20 I think most of the colleges have already let out for the
21 summer. I don't know if that is different with the co-op
22 students, but we should begin lining it up for the fall.

23 COMMISSIONER MCHUGH: They may have already
24 gone.

25 CHAIRMAN CROSBY: We could at least get it

1 in the pipeline for the fall.

2 COMMISSIONER STEBBINS: And try our hand at
3 one for the rest of the summer and see how it goes.

4 CHAIRMAN CROSBY: Great. The
5 project-management facility, where are you in that
6 process?

7 COMMISSIONER ZUNIGA: I proposed that we
8 schedule one or more demonstrations on some of the
9 software that is out there. I came to learn that some of
10 the tools that I am familiar with relative to project
11 management tools have a next-generation, even the
12 technology, where it may be really incumbent upon this
13 Commission to study. Mostly because they have become
14 more of graphic planning tools rather than very methodical
15 databases, which is the generation that I am familiar
16 with.

17 Still all of that is still in the background
18 of those tools. My suggestion to this Commission is that
19 we schedule a couple of those demonstrations and start
20 getting familiar as to what tools could be available for
21 us there.

22 CHAIRMAN CROSBY: And use the
23 demonstrations as the medium by which we would select a
24 firm or a person? Does the software go with the firm?

25 COMMISSIONER ZUNIGA: There are different

1 options out there. Essentially, we would be in request
2 for information more as really understanding what best
3 tools may be out there.

4 I'm sure there are options of getting
5 licenses for using a tool or a number of licenses. There
6 is also options relative to having a firm or a project
7 management firm help with management of those tools to
8 study as to what is the best approach.

9 In my mind, we should have a preliminary
10 step, which is just get information as to what kind of
11 resources are out there. And I can schedule that in very
12 short order, really within the next couple of days.

13 CHAIRMAN CROSBY: Let's try to do that. I
14 think we all feel the need to get moving on this. And
15 every day that goes by, we are deeper into the process and
16 it is going to be that much more retrofitting.

17 COMMISSIONER ZUNIGA: I will note that I
18 have now installed on my computer, Microsoft Project.
19 And I have started entering the major milestones of what
20 we envision. It's really a broad schedule at this point.

21 I am told that many of these tools and I
22 believe whatever we end up getting would be directly
23 transferable or uploadable -- could be uploaded into other
24 tools. So, I have started to make progress relative to
25 scheduling those -- master schedule that we talked about.

1 CHAIRMAN CROSBY: Good. So, we will see
2 demonstrations as quickly as we can. I don't think we all
3 have to be involved in that. It's probably a training
4 session, but certainly Jim would like to be involved in
5 that.

6 Anything else? It looks like you were
7 thinking about --

8 COMMISSIONER MCHUGH: I was just wondering
9 if we want to get a tool before we decide what kind of an
10 approach we are going to take to the project management.
11 In other words, we put on the table the last time the
12 possibility of getting a temp. from one of the technical
13 staffing agencies, or getting a firm to manage it or hiring
14 somebody.

15 To what extent are those three options and
16 the tool we ultimately use are interdependent? If they
17 are interdependent, does it make sense to get the tool
18 before we decide on the methodology for managing the
19 project?

20 COMMISSIONER ZUNIGA: I think it is a very
21 relevant question, which we should study. From my
22 perspective, getting a temp. was more dependent on the
23 tool. When I spoke to some of the staffing agencies that
24 are under contract in the State contract, their questions
25 were what do you want them to do fundamentally? What sort

1 of skills do you want them to be good at Primavera or
2 Project or any other tool?

3 At just about the same time, I came to learn
4 about these other tools that I didn't know about. It just
5 raises the question, well, at least in my mind let's
6 understand what is out there. What sort of options are
7 we able to put our hands on because they are tool dependent
8 or tool heavy versus project-management heavy and sort of
9 go from there.

10 CHAIRMAN CROSBY: I think what we did
11 discuss last time was that we would get a firm but if we
12 couldn't move quickly we thought there might be someone
13 who we could call on the list of the State contracts. And
14 if we could move quickly enough, we would get a firm that
15 would have a larger sense of the abilities, of the
16 capabilities and could sort of teach us about the whole
17 phenomenon of project management as well as populate and
18 manage the tool. If that couldn't be quick enough, it
19 might fall back to a temp.

20 COMMISSIONER ZUNIGA: Let's make a
21 decision and make sure we are understanding each other.
22 The firms under State contract are really staffing
23 agencies. Then can go get just about anybody, frankly.
24 They can get people who can do project management.

25 CHAIRMAN CROSBY: These are the temp.

1 agencies.

2 COMMISSIONER ZUNIGA: Those are the temp.
3 agencies. To my knowledge, I don't know that there are
4 project management firms under State contracts. I need
5 to do that research to see if we can bring somebody in quick
6 from a firm perspective.

7 What we discussed last week or last time is
8 if we could get a temp. agency to get somebody in, but
9 before we do that the question from those temp. agencies
10 were what sort of tool do you want them to be good at? We
11 haven't decided that. And that's fundamentally the
12 Catch-22 -- not the Catch-22, the period of where we are
13 in terms of trying to decide where we need to go with this.

14 CHAIRMAN CROSBY: I think we have sort of
15 delegated this to you to do. But what you are hearing is
16 concern we need to get moving. So, if we can get some
17 demonstrations first, let's do it and do it quickly and
18 then we will get going with the --

19 COMMISSIONER ZUNIGA: I don't want to leave
20 with the impression that we are not moving on this. I have
21 installed Microsoft Project in my computer. I have a
22 draft of a schedule. I am joining a call tomorrow
23 relative to some of the milestones with some of our
24 consultants that have already been discussed among them.

25 The purpose of me joining that call is to

1 ascertain what important milestones and just the rough
2 dependencies are there. I will be submitting that
3 hopefully for the next meeting. There is progress on
4 that.

5 CHAIRMAN CROSBY: Okay. And we have got
6 two hires in the pipeline -- actually three, I guess, in
7 the pipeline. And background checking is going on.
8 Hopefully, hopefully maybe by next week but certainly by
9 the week after we should have the next tier of people. We
10 have agreed not to talk about anybody until the background
11 checks are completed. There are three hires going on
12 quickly.

13 3-D, discussion of Gaming Commission
14 internal policies. I think the biggest one, Commissioner
15 Cameron, are background checks that you are looking into
16 and looking about the tiering levels and so forth?

17 COMMISSIONER CAMERON: Yes. Being
18 consistent with other gaming commissions, best practices
19 as well as looking at the Governor's office's background
20 investigation, the Attorney General's background
21 investigation, we have come up with two levels of
22 background investigations, which we think are appropriate
23 at this time.

24 Depending on the level of the employee we
25 are looking at, one is the higher-level background

1 investigation, which is comprehensive. When I say that,
2 we are talking about criminal checks, employment and
3 education verification checks, civil suits. Personal
4 information is verified, driving records, seven years of
5 addresses, spouse information, conflict of interest,
6 complete financial investigations, business
7 associations, professional licenses, ethics violation.

8 A very, very complete background
9 investigation, very timely to complete by the State Police
10 but certainly appropriate for our higher-level employees.

11 And our employees we are looking to hire,
12 our receptionist, our admin. folks in the office we are
13 looking at still a comprehensive investigation but it does
14 not include so much of the spouse information, the years
15 and years of address verification, business associates,
16 professional licenses.

17 So, I am comfortable with this tiered system
18 at this point after reviewing others in this industry as
19 well as in the State that this is a policy that we should
20 adopt at this time for our employees that we are hiring.

21 Both background investigations include a
22 drug screening and fingerprinting. Had a meeting this
23 morning with a health resource organization that is on the
24 State contract that conducts drug screening for a number
25 of state agencies in the State.

1 I had a very positive meeting, was impressed
2 with their policies, their procedures. I think that we
3 can quickly enter into a contract with this health
4 resource laboratory in order to conduct the
5 pre-employment drug screening that we are looking to do.

6 And we are looking to implement the panel
7 of drugs used by the State Police here as well as the Boston
8 Police Department.

9 CHAIRMAN CROSBY: By a panel of drugs
10 meaning?

11 COMMISSIONER CAMERON: In other words,
12 what we would like them to screen for us. So, we are
13 looking at a similar panel that is very well tested and
14 can stand up in Court. And the reasons for testing those
15 particular drugs makes sense.

16 As I said, that was a positive meeting. And
17 they are on State contract, so we can enter into a contract
18 quickly with them. I am in the process of finalizing with
19 the State Police the ability to use one of their units to
20 do our fingerprinting. There are some questions that we
21 need to answer, but I believe that we can do that quickly
22 also.

23 So, we will be prepared to have a thorough
24 investigation to include these two steps with these new
25 employees that we are looking to hire.

1 CHAIRMAN CROSBY: How do we determine what
2 kind of drug testing? Is it urine testing? Is it hair
3 testing?

4 COMMISSIONER CAMERON: Well, the most
5 common and most defensible in Court is a urine test for
6 a drug screen. That is the most commonly used.

7 A hair test is more comprehensive, usually
8 backed up with a urine test because of the ability to
9 challenge it. I'm very comfortable with using a urine
10 sample as a drug screen for our pre-employment purposes.

11 My experience as well as the research we
12 have done to date on this, I am very comfortable using that
13 as -- It is the most widely used and the most accepted if
14 challenged.

15 CHAIRMAN CROSBY: Any thoughts about that?
16 One other question. I don't know that we have discussed
17 -- does the identification of any drug -- In other words,
18 if a person has a little marijuana in their test, does that
19 disqualify? Is that the policy that we are adopting? Is
20 that an absolute?

21 COMMISSIONER CAMERON: I believe the
22 reason for a pre-employment drug screen is to make sure
23 we are hiring folks that do not have a substance abuse
24 issue. It is probably a road we don't want to go down to
25 judge we are going to hire you because you had this

1 substance and we are not going to hire you with that
2 substance.

3 I think an illegal substance is an illegal
4 substance and we should be very cautious in our
5 pre-employment screen. A negative result -- Again, we
6 can implement the policy right now. What we are doing is
7 identifying the proper resource to use for this test, the
8 proper mechanism.

9 And the State Police, by the way, will be
10 responsible for test results. So, we will not be getting
11 that information directly to our office. At this point,
12 we are just not staffed to do it. So, they will take
13 responsibility for receiving test results and notifying
14 us with one package of the results of the background, the
15 fingerprint as well as the drug screen.

16 So, to answer your question about what the
17 policy should be, I think we should be looking at not
18 hiring an individual that has a positive result from this
19 screening.

20 CHAIRMAN CROSBY: Okay.

21 COMMISSIONER MCHUGH: Is that what other
22 law enforcement agencies do? This is after all with
23 respect to marijuana in an environment where small amounts
24 of marijuana have been decriminalized. It's still a
25 civil offense. Is that what other law enforcement

1 agencies do?

2 COMMISSIONER CAMERON: I am aware that
3 Boston Police does not hire anyone if they have had a
4 positive.

5 CHAIRMAN CROSBY: Of any substance?

6 COMMISSIONER CAMERON: Correct. Now
7 many, many other agencies do not conduct -- In fact, most
8 other agencies do not conduct a drug screen with their
9 non-sworn officers. It is commonly used with sworn
10 officers as well as a random test throughout a career.
11 This is a cautious step that we've taken.

12 To answer Commissioner McHugh's question,
13 the ones that do that I'm aware of do not hire an employee
14 if they have had any kind of a positive test.

15 CHAIRMAN CROSBY: What is it, if you have
16 small amounts of marijuana now, in Massachusetts is that
17 a misdemeanor?

18 COMMISSIONER MCHUGH: It's a civil
19 infraction.

20 CHAIRMAN CROSBY: Civil infraction, is
21 that like a parking ticket?

22 COMMISSIONER MCHUGH: No. There is a
23 fine.

24 COMMISSIONER CAMERON: You have still
25 broken the law.

1 CHAIRMAN CROSBY: I think we have consensus
2 here, but it seems to me Commissioner McHugh you may want
3 to speak to this, but it seems to me we need to get this
4 written down.

5 This is a pretty important area, not only
6 because of legislative mandate also because it is an
7 important area.

8 COMMISSIONER CAMERON: Agreed.

9 CHAIRMAN CROSBY: We ought to get drafted
10 up into a form that we can actually look at.

11 COMMISSIONER CAMERON: We are in the
12 process of doing that. I am working with Commissioner
13 Zuniga to put that into a policy form.

14 CHAIRMAN CROSBY: Is this the kind of
15 thing, Commissioner McHugh, that either would require or
16 that should as a matter of policy have public review?

17 COMMISSIONER MCHUGH: I think this would be
18 like all of our other policies, Mr. Chairman. The
19 regulations we need to have the public process. And with
20 some regulations like the ones I am going to be talking
21 about later today, we are going to have the notice of
22 intent to make rules to get general comments before we
23 start writing the text of any rule.

24 This is an internal part of our employment
25 policies. I think we treat it like that. We talk about

1 it. It is a serious matter, an important matter. But
2 then vote on it ourselves.

3 CHAIRMAN CROSBY: We will draft this up so
4 we can see something in careful detail. As a practical
5 matter, as we are starting now we've got three hires in
6 the pipeline. We have tentatively agreed to do the
7 tiering that you're talking about. We obviously will go
8 ahead with the drug testing urine sample and the
9 fingerprinting for the people who are in the pipeline even
10 before we formally approve this policy. Okay. Great.
11 Thank you.

12 Commissioner Zuniga, you were working on
13 the employment manual. Anything to report on that?

14 COMMISSIONER ZUNIGA: No. It is still a
15 work in progress. I have drafted two chapters mostly
16 relative to employment and workplace policies.

17 The first chapter is all about employment
18 where I see this policy of background checks that we were
19 just talking about where it could fit. The second chapter
20 is about workplace policies and others are about benefits
21 and code of conduct, etc.

22 I have done let's just say half of them
23 incorporating from different sources that we talked
24 about, Life Sciences, the Treasurer's office and others.
25 That is still a work in progress.

1 CHAIRMAN CROSBY: Great. Any other
2 policies in the pipeline or anything worth talking about?

3 I think the speaking engagements ought to
4 go down under item eight. After our Economic Development
5 forum on Thursday, I am speaking that evening to the
6 Central Mass. Regional Planning Commission in Worcester.
7 And on Tuesday -- Well, that is after our next meeting.
8 Any other outside engagements that are in the pipeline?

9 COMMISSIONER ZUNIGA: I have a question,
10 just a procedure for responding to invitations. When we
11 get an invitation, sometimes it's assumed to be a personal
12 invitation. But it's in the course in the official
13 capacity of this Commission. Is this something we should
14 -- I got an invitation recently. Do we need to talk about
15 it here for the future?

16 CHAIRMAN CROSBY: What we have done for the
17 time being, we run everything by -- we used to run it by
18 Karen, because she had both a PR perspective and an Ethics
19 Commission perspective.

20 I think we should continue to run everything
21 by Elaine, if there is any issue at all about who they are,
22 who is in attendance, is their fund-raising involved. We
23 got those parameters that we talked about two weeks ago
24 where the Ethics Commission was pretty clear about what
25 we could do.

1 If there is any fuzziness at all, if it is
2 anything other than very straightforward by the
3 definition of that Ethics Commission opinion, I would say
4 run it by the Ethics Commission or maybe run it by
5 Commissioner McHugh first. If he thinks it ought to go
6 to the Ethics Commission, then we sort of use Commissioner
7 McHugh as our first line of defense.

8 If we really need to look at it hard, get
9 it to the -- As a practical matter, Elaine is pushing to
10 get out there a lot. Thinks we ought to be out there as
11 much as we can. It is definitely encouraged. But there
12 are a lot of little subtleties about who is there. Who
13 is the sponsor? Is it a fund-raising event, etc.? How
14 are we positioned?

15 The littlest misstep can be an issue. So,
16 ere on the side of tremendous caution. Anything else to
17 say on that, Commissioner?

18 COMMISSIONER MCHUGH: No. I think that
19 one of the policies that we need to work out with Elaine,
20 and she's doing a tremendous job now doing a lot of things
21 on a lot of fronts, is to get the standardized protocol
22 for responding to speaking invitations and just have some
23 kind of set up for that that everybody feeds into.

24 If we get individual ones, it goes to her
25 to see if it meets those criteria. That is the first step.

1 If we have a policy like that then that takes a lot of the
2 discretion out of things. And everything is aboveboard
3 in terms of where go and where we don't and why we go and
4 why we don't go.

5 CHAIRMAN CROSBY: The Ethics Commission is
6 incredibly quick. So, it's not a big imposition to turn
7 to them, either Deirdre or Karen Nober are very, very quick
8 to turn things around.

9 The Racing Commission may take a while.
10 Rather than do that, let's get to 5-A, the consultant
11 status report, because I want to make sure we give Kathy
12 O'Toole a chance to do her thing and also get out of here
13 on time.

14 There are two-step process for this project
15 probably 5-A. First Commissioner McHugh and the
16 consultants have been talking about a process by which we
17 will track the development of regulations, of processes
18 and track the flow of the project. Commissioner, do you
19 want to talk about that?

20 COMMISSIONER MCHUGH: Surely. Let me just
21 deal with it at a very high level. Then I am going to
22 circulate a memorandum.

23 Kathy O'Toole and I and Kristen met earlier
24 this week to talk about that. And I've got a memorandum
25 that we now agreed on. And I will circulate that after

1 the meeting.

2 Basically, the process is designed to
3 ensure that we stay on track but also assure that we
4 consider things -- because the flow is really going to
5 increase here soon -- that we consider things that are
6 ready for consideration.

7 With that end in mind, the process at a very
8 high level is essentially this: Every week we will get
9 a new overall chart that shows where we are in a variety
10 of things. That is very plastic. It may change
11 day-to-day because of the speed with which the consultants
12 are moving. But we will get that on Monday. We will
13 circulate. We typically won't use it at the meeting, but
14 it will provide background for the things we do talk about.

15 Then each week the deliverables that are
16 ready to be delivered will be sent to me for initial
17 screening. I'll take a look at them and decide whether
18 or not we need to do a little bit more work on them before
19 we circulate them. And if so, we will talk about the work
20 that needs to be done and get that work done.

21 If they are ready for circulation, they will
22 be circulated Monday at noon, which is the protocol that
23 we have all agreed on so we have enough time to think about
24 them and read them and consider them before we talk about
25 them at a meeting here. I'll do that. And we'll proceed

1 in that fashion.

2 The information that is on those weekly
3 updated charts, Kristin can upload into Project
4 Management if that is the tool we ultimately decide to use
5 or some other tool with which she's familiar. If we use
6 a different tool then we will have to arrange a different
7 process to upload that information so that we stay
8 current.

9 That is essentially the way we will proceed.
10 The overall schedule looks like we will be into a
11 regulation heavy mode, for want of a better and more
12 precise description, sometime in mid-August, early- to
13 mid-August. And that is a lengthy process that will
14 culminate probably in the mid-to-late fall.
15 So, by August we should be in the regulation reviewing and
16 the regulation approving status.

17 There were three deliverables that Kathy
18 mentioned last week that I looked at. One is a draft.
19 One is a memorandum with respect to the RFA-1 process.
20 That one we are going to do some more work on.

21 Then there is another one that is ready for
22 primetime for us to consider, but I didn't circulate it
23 by yesterday for a variety reasons. So, we will consider
24 that next week along with the other things that we get.

25 So, at a very high level that is the way we

1 thought we would manage it subject to any considerations
2 or thoughts that any of you had.

3 CHAIRMAN CROSBY: When you distribute ones
4 that are ready for primetime the only feedback will be at
5 our meetings, right?

6 COMMISSIONER MCHUGH: Yes, that is right.
7 But they will have had that preliminary screening and they
8 will be ready for discussion. There may be reasons we
9 don't want to approve it, but we are not going to wait until
10 it's a slam-dunk. There is still going to be questions
11 and things that we discuss here. Modifications of
12 processes that may be in some cases be different
13 alternatives.

14 But at least the obvious -- the questions
15 that are obvious to me will be thought through and
16 addressed and then we will take up consideration of them
17 there. The idea is to avoid discussing at these meetings
18 things that could be more flushed out, could be clearer,
19 could be more developed before we actually come to the
20 process and point of discussing them at this meeting to
21 keep this on track.

22 CHAIRMAN CROSBY: Great.

23 COMMISSIONER ZUNIGA: I have a question.
24 Is there a way to obtain in advance just the potential
25 deliverables, maybe a week in advance? Or as you are

1 discussing them with the consultants, we are having Monday
2 for tomorrow we are looking at the final draft of a
3 deliverable. Could that Monday be -- at least could we
4 get information as to what would be in the pipeline for
5 that following week?

6 COMMISSIONER MCHUGH: We can do this any
7 way we want. In other words, we can get the deliverable
8 that was ready for our discussion, deliver it on s Monday
9 say and consider it the next Monday if that is the way we
10 want to go.

11 COMMISSIONER ZUNIGA: I wasn't suggesting
12 that. I was just trying to get my head around what may
13 be down the pipeline. It's only a week. Not even in
14 draft form but only in bullet format.

15 COMMISSIONER MCHUGH: I think Kathy is
16 ready to talk about that.

17 COMMISSIONER ZUNIGA: Okay, great.
18 Getting ahead of ourselves here.

19 CHAIRMAN CROSBY: Okay.

20 COMMISSIONER MCHUGH: That is sort of just
21 an overview.

22 MS. O'TOOLE: Thank you, Commissioner. My
23 name is Kathleen O'Toole. I am here representing the
24 consultants Spectrum Gaming and Michael & Carroll. And
25 I am here to provide an update.

1 I think in response to Commissioner
2 Zuniga's comments, every week, we will talk about the
3 deliverables and we will also talk about the work that's
4 in the pipeline that you can expect in the coming week or
5 weeks.

6 CHAIRMAN CROSBY: Excuse me. Are the
7 deliverables on the work plan?

8 MS. O'TOOLE: Yes.

9 CHAIRMAN CROSBY: So, when you are
10 distributing that each week, we'll see it out there on the
11 work plan and eventually it will be on the Gantt chart too.

12 MS. O'TOOLE: And we are submitting that
13 work plan to Commissioner McHugh every Monday as well.

14 CHAIRMAN CROSBY: Great.

15 MS. O'TOOLE: So, again the deliverables
16 provided this week, promised last week, provided this week
17 were the list of regulations required for the RFA phase
18 one process, the recommendations for the near-term hires
19 and also the scope of licensing memo. So, those are with
20 Commissioner McHugh now.

21 The team initiated several new activities
22 this week. First, they started to review and document
23 anti-money-laundering provisions and required compliance
24 with applicable Federal regulations. They are
25 developing a table of organization options to review and

1 discuss with the Commission. They are also commencing
2 the drafts of the actual phase one regulations. And they
3 are also drafting the Massachusetts supplemental
4 application form.

5 The team continues to work on a number of
6 other activities that were previously discussed with the
7 Commission that includes again finalizing proposed
8 timeline around the RFA phase one and related regulations.
9 Reviewing the multijurisdictional background form in
10 determining what Massachusetts specific adjustments have
11 to be made to that.

12 Documenting and providing best practices
13 commentary around requirements set forth by the Act
14 including all of the mandatory hires, revenues sources and
15 the hearings and appeals process. They have identified
16 the agencies requiring MOUs and we are continuing to work
17 with Anderson and Kreiger to integrate their legal
18 interpretations into our work.

19 So, deliverables that can be expected this
20 coming week are the draft memo detailing revenue sources
21 and also the draft memo detailing mandatory job positions.
22 This is not only near-term but long-term as well.

23 Then either this week or next week already
24 underway are draft memo detailing the
25 anti-money-laundering provisions and required compliance

1 and also a draft memo detailing confidentiality
2 requirements that will need to be addressed with
3 regulations.

4 So, those are the projects that have been
5 completed in draft form and also the ones that are in the
6 pipeline this week.

7 CHAIRMAN CROSBY: Great.

8 MS. O'TOOLE: We will do our call tomorrow.
9 We do a consultants' call the day following the Commission
10 meeting so that everyone is on the same page. We will do
11 the call tomorrow. Commissioner Zuniga is participating
12 in that.

13 I am sure we will meet with different
14 members of the Commission and have further discussions
15 about some of these issues during the course of the week.

16 CHAIRMAN CROSBY: Would you reiterate the
17 three deliverables just so that people here and the public
18 can hear again the three things that Commissioner McHugh
19 now has?

20 MS. O'TOOLE: Yes. First of all, a list of
21 the regulations that will be required for the RFA phase
22 one process.

23 CHAIRMAN CROSBY: Right, the
24 prequalification process.

25 MS. O'TOOLE: The prequalification

1 process, that is correct. The second is a memo
2 recommending near-term hires. People that the
3 consultants feel are necessary to support the
4 Commission's work in the very near-term. The final is the
5 scope of licensing memo. That addresses the individuals
6 and corporations that will actually have to participate
7 in the prequalification and qualification process.

8 CHAIRMAN CROSBY: All three are ready for
9 you?

10 COMMISSIONER MCHUGH: I am going to
11 circulate them to us. One I have suggested to Kathy that
12 we need to do a little bit more work on -- one's a draft.
13 So, it is still a work in progress. And the third one is
14 ready for discussion. We will do that that next week.

15 MS. O'TOOLE: We will either have a
16 follow-up meeting or a phone call with Commissioner McHugh
17 to address some of the issues in that particular memo.

18 COMMISSIONER MCHUGH: Right and that will
19 be ready I'm sure by next week as well. We may not have
20 to make any changes.

21 CHAIRMAN CROSBY: You have a tentative now
22 deadline, I think, in mind for a target date for getting
23 the phase one request for application forms out?

24 MS. O'TOOLE: Yes.

25 CHAIRMAN CROSBY: That is?

1 MS. O'TOOLE: Again, it's a fairly
2 elaborate timescale that I discussed with Commissioner
3 McHugh this morning.

4 COMMISSIONER MCHUGH: I think it is fair to
5 say that that timeframe is mid-fall. I think over the
6 next couple of weeks, Mr. Chairman, that will become more
7 clear as we move forward to see how these regulations are
8 coming along.

9 MS. O'TOOLE: The regulations are actually
10 being drafted now. We hope the regulations will be
11 completed in draft form by the consultants in early July.
12 We are hoping it will give the Commission at least three
13 weeks. We can iterate with the Commission the draft
14 regulations. We hope that by the end of July those
15 regulations will be finalized. But then there are public
16 notice requirements and hearing requirements that will go
17 through August and September.

18 COMMISSIONER MCHUGH: That is the
19 difficulty in picking a precise date right now, because
20 the regulation promulgation process requires a period of
21 public hearings.

22 And one can assume that with all of the
23 thought and consideration that has gone into the draft
24 regulations, we are going to sail through the public
25 comment period with not a great deal of changes, but that

1 is only an assumption.

2 If we do have some substantive comment, it
3 may take some rewriting and reworking and some rethinking.
4 Because these are all interconnected, that may extend the
5 process somewhat.

6 The focus is to have this process started
7 at the beginning of August and then in the mid-fall to
8 finish if we can move forward without any unanticipated
9 delays.

10 CHAIRMAN CROSBY: This is really helpful
11 and I think for the public to know that there is a statutory
12 or a legal regulatory process that we have to adhere to.
13 It is not just the Commission doing its own work. It's
14 not just the Commission taking somebody else's regs. and
15 Xeroxing and putting them out.

16 We have to not only think it through how it
17 applies to Massachusetts, but go through a rigorous
18 promulgation protocol that is prescribed by the law. So,
19 it is an important thing to understand just in the way the
20 process is working here.

21 The second thing just to clarify is that at
22 the end of this request for application phase one -- or
23 at the beginning of the request for application phase one,
24 mid-fall we are targeting, we will ask anybody who is
25 interested in being a bidder to come to us formally and

1 pay in some form or other, we haven't worked this out, but
2 as a practical matter pay the application fee, which is
3 in legislation of \$400,000.

4 And from that point forward, it is our
5 supposition at this point that the bidders will become
6 applicants. Once you pay your application fee and get
7 into that phase one review, which is basically of your
8 financial integrity and your personal and corporate
9 integrity, you are an applicant from that point forward.

10 So, the public will begin to see without any
11 ambiguity at all who really is in the game for what sites
12 in what region. I think this is great. You guys have
13 been tremendously helpful in putting this together for us.

14 COMMISSIONER ZUNIGA: I have a couple of
15 questions. These regulations as they are being
16 conceptualized right now, are they envisioned to be one
17 set of regulations for all phases that we have been
18 discussing or is it only for phase one?

19 MS. O'TOOLE: These regulations are to
20 support the RFA phase one process. The Commission has
21 made it clear that that should be our priority. So, the
22 consultants are working on those regulations.

23 They will have them to the Commission in
24 draft form in early July. It will allow for approximately
25 three weeks to iterate with the Commission, finalize those

1 regulations. And then as the Chairman and Commissioner
2 McHugh have indicated, I believe it is a 21-day notice
3 requirement prior to a hearing. And then the hearing
4 process. It will be even best case and we have really
5 accelerated these, it will be September or October before
6 the hearing process is complete.

7 COMMISSIONER ZUNIGA: So, it is fair to
8 assume that another regulation process will kick in
9 sometime later. It doesn't have to be after everything
10 is finished, but we will subsequently have to start
11 thinking about regulations for phase two and so on.

12 MS. O'TOOLE: Actually, the consultants
13 have already started to compile that list as well. But
14 we have received the message clearly from all of you that
15 the RFA phase one process should be the priority.

16 CHAIRMAN CROSBY: Great. Any other
17 questions?

18 COMMISSIONER MCHUGH: Commissioner
19 Zuniga's point is an important one. Because part of the
20 reason for doing this is that we can begin with the
21 investigation and begin with the processing of the
22 applicants at the same time we are developing the
23 substantive regulations rather than waiting for the whole
24 period to develop, the qualifications and the substantive
25 regulations, and then begin the process. In that

1 fashion, we shaved time off of the overall process. That
2 is the way this is designed to work and one of the benefits
3 that we get.

4 CHAIRMAN CROSBY: This is terrific. Where
5 in the process, if you know yet -- We have different ways
6 we can actually do the background checking of the
7 applicants. Once an applicant is in, we are going to do
8 this financial integrity background checks. We haven't
9 decided yet who is going to do that. Where is that in the
10 pipeline that decision-making process?

11 MS. O'TOOLE: Actually, it is my
12 understanding that Commissioner Cameron has been
13 exploring different options for the background
14 investigations. Consultants have had some discussions
15 with her about that.

16 COMMISSIONER CAMERON: Yes.

17 COMMISSIONER MCHUGH: Indeed, the
18 memorandum dealing with the early hires that I will
19 distribute after this meeting talks about that at least
20 in general terms as well. The consultants have already
21 thought about that, discussed it with Commissioner
22 Cameron. So, that has been considered.

23 CHAIRMAN CROSBY: It's going along
24 parallel.

25 COMMISSIONER CAMERON: In my research on

1 background investigations for Commission members, I did
2 speak with our consultants on --

3 CHAIRMAN CROSBY: Commission employees.

4 COMMISSIONER CAMERON: -- Commission
5 employees, I did speak with our consultants on best
6 practices in other jurisdictions. And we did start a
7 conversation about the next phase, which will be the
8 background investigation for our applicants.

9 CHAIRMAN CROSBY: In the early-stage when
10 we had this conversation with Michael & Carroll and Fred
11 Gushin, they distributed some standard forms that have
12 been used elsewhere. And suggest, and it just makes a lot
13 of sense, that to the maximum extent possible use standard
14 forms. And probably we will talk about the extent to
15 which we can rely on or not the extent we can rely on use
16 of those standard forms by other jurisdictions in the
17 recent past.

18 I had a lot of questions and at some point
19 looking forward to an opportunity of talking about those
20 standard forms whenever that comes up in the process.

21 MS. O'TOOLE: Both of the consulting firms
22 have had extensive experience in conducting these types
23 of investigations. Eventually, you will have an in-house
24 personnel to assist.

25 But I think we all envision a path where

1 consultants assist the State Police and in-house
2 personnel until such time that you have your own capacity
3 to conduct these investigations.

4 CHAIRMAN CROSBY: Right. Anything else on
5 this? Thank you very much.

6 Back to item four, Racing Division.
7 Commissioner Cameron, do you want to give us a general
8 status report?

9 COMMISSIONER CAMERON: I do, Mr. Chair.
10 As we are all aware, our racing consultant has been
11 conducting a review of racing procedures in the
12 Commonwealth. She continues that review of identifying
13 what the practices are here and comparison of what best
14 practices are in other jurisdictions.

15 At some point during this racing season, I
16 look forward to making recommendations to the full
17 Commission about a strategic plan and the kind of changes
18 that may be necessary, a timeline, a budget, all of those
19 things.

20 The part that I like is that we are
21 continuing on with the process as is until we are prepared
22 to really take this and make the changes necessary. There
23 may be a couple of issues that we need to handle during
24 this racing season.

25 For example, we have an issue with an

1 employee who has some significant responsibilities in the
2 lab who has some health issues. We are exploring options
3 to that as we speak. We may have to make some changes as
4 we move forward during this racing season.

5 We have our first Racing Division meeting
6 scheduled to address pending track matters as well as I
7 will be presiding as the hearing officer for appeals,
8 which have been submitted since the State Racing
9 Commission was disbanded. They had their last meeting in
10 May. I will have a meeting in June. That is scheduled
11 for June 21 right here in this building to address those
12 appeals and other pending track matters.

13 Again, the process will be I will have
14 recommendations for the full Commission to ratify as a
15 result of those monthly hearings.

16 CHAIRMAN CROSBY: Recommendations on the
17 appeal process. This is not your best practice?

18 COMMISSIONER CAMERON: No, no. Now we
19 have moved onto this meeting that will be held monthly.
20 This is the meeting that was traditionally held by the
21 State Racing Commission members. I will be holding those
22 meetings and making recommendations.

23 I was made aware yesterday of an issue with
24 regard to the Racing Development Trust Fund. There are
25 some issues on decisions the Commission will have to make,

1 steps to -- so that we have enough money to cover all
2 operating expenses through FY'13.

3 What I have asked, Mr. Chair, is that for
4 the CFO for the Office of Consumer Affairs, Mr. Gray
5 Holmes, to come today and explain those options to the
6 Commission to assist us in making a decision of moving
7 forward with racing operation business, which we are now
8 responsible for.

9 That completes my report, but I know that
10 Mr. Holmes is here to give that briefing at this time.

11 CHAIRMAN CROSBY: Before we get to that
12 topic, which is a big one, I'm wondering whether things
13 are moving quickly enough whether we should designate
14 Commissioner Cameron either formally or informally to go
15 ahead and make the changes as she sees fit if she has to
16 do those in a timeframe which is so quickly that we haven't
17 had a chance to talk about them, subject obviously to
18 coming back and reporting to us where you stand. Does
19 that make sense?

20 I think we have confidence in her ability
21 to make the distinctions of what needs to be considered
22 first and what needs to happen quickly.

23 If there are things that need to happen
24 quickly, I think we need to designate to her as if sort
25 of if she were a CEO of this organization to make changes

1 COMMISSIONER ZUNIGA: Second.

2 CHAIRMAN CROSBY: Any further discussion
3 on that? All in favor? I.

4 COMMISSIONER ZUNIGA: I

5 COMMISSIONER STEBBINS: I.

6 COMMISSIONER MCHUGH: I.

7 COMMISSIONER CAMERON: I.

8 CHAIRMAN CROSBY: Opposed? The I's have
9 it. Great.

10 COMMISSIONER CAMERON: Thank you, Mr.
11 Chair.

12 CHAIRMAN CROSBY: Enjoy. Mr. Holmes?

13 MR. HOLMES: Good afternoon.

14 CHAIRMAN CROSBY: Do you want Mr. Holmes to
15 just sort of take it from the top?

16 COMMISSIONER CAMERON: Yes. As I said, I
17 was made aware of these issues yesterday. They are just
18 some funding issues that we need to be aware of, A. And
19 B, have a course of action that makes sense.

20 So, Mr. Holmes is the person with the most
21 knowledge about this subject. Thus, I asked him to come
22 in and brief the Commission.

23 COMMISSIONER ZUNIGA: Mr. Chair, perhaps
24 by way of background it would be helpful if I gave my
25 understanding of the financing of the racing operations.

1 And maybe Mr. Holmes can correct me where I'm wrong. I
2 am trying to give a very broad summary in terms of
3 background. Maybe that can help facilitate the
4 discussions.

5 My understanding is that the prior way of
6 funding the racing operations included -- which Mr. Holmes
7 has identified here -- a line in the budget from the
8 legislation. There is also this Racing Development Trust
9 where taxes from all of the racing operations flowed into.
10 After expenditures were expensed from this Trust,
11 anything left over flowed back to the general fund.

12 This mechanism has bearing into because now
13 there will be an absence of the line item, which is the
14 issue that -- one of the issues that Mr. --

15 CHAIRMAN CROSBY: This was an absence in
16 the line item in the budget that was passed last summer?

17 COMMISSIONER ZUNIGA: Right.

18 MR. HOLMES: No, the upcoming one.

19 CHAIRMAN CROSBY: Oh, next fiscal year
20 there will not be a line item.

21 COMMISSIONER ZUNIGA: That's right. My
22 understanding, Mr. Holmes can correct me, one of the
23 points to this line item is to provide some cash flow,
24 working cash for the overall operations of the Division,
25 which is solvent and self-sustaining but there is a matter

1 of cash flow as to when those revenues come in and out,
2 which is what the item did.

3 That's only background that I wanted to
4 provide. And perhaps he can confirm that that is my
5 general understanding. Now without a line item, we find
6 ourselves in a couple of issues that we need to
7 contemplate.

8 MR. HOLMES: Without a line item, it forces
9 on the budget side of things to support operations
10 directly out of the Trust.

11 CHAIRMAN CROSBY: Excuse me. Is it clear
12 in House and Senate so it is not in either budget. It is
13 nonnegotiable that there will not be a line item unless
14 something changes.

15 MR. HOLMES: The one item that is still out
16 there for discussion and negotiation is a line item for
17 payments to cities and towns, which is in the House, not
18 in the Senate. That is the one outstanding issue that
19 they have to address.

20 The impact of this is that when the Trust
21 was originally created, it was created at a time when the
22 State Racing Commission was short of funds to maintain
23 operations. So, this Trust was established with
24 primarily three purposes. And they were established
25 priority with order one was to reimburse the State for

1 payments made to cities and towns pursuant to the Chapter
2 128.

3 Two was to reimburse the general fund for
4 expenditures made from an appropriation for the State
5 Racing Commission. And three they provided the
6 opportunity for expenditures to be made directly from the
7 Trust in addition to the appropriation. They capped that
8 at \$1,080,000.

9 Now that there is not an appropriation, we
10 need to support operations directly from the Trust. And
11 with an annual budget of about \$1.6 million, you've got
12 a problem in terms of having the dollars from the racing
13 revenues, the Racing Development Trust to fully support
14 operations. That is the first and primarily most
15 important issue that needs to be addressed.

16 What I recommended in terms of that specific
17 issue is to seek legislation that would take out that one
18 line that caps expenditures at \$1,080,000. If we were
19 successful at that then that leads to other issues with
20 the Trust. But first and foremost in order to be able to
21 access the revenues that are coming in to the Racing
22 Development Trust, as I discussed with Commissioner
23 Zuniga earlier today, are adequate to maintain current
24 operations. In order to access those funds something
25 needs to happen to this language.

1 COMMISSIONER ZUNIGA: This issue, it
2 becomes a real issue perhaps your projections maybe by
3 December. Is that a fair statement?

4 MR. HOLMES: As we discussed, I think that
5 using the cash flow and based on the actuals and estimates
6 for the next six months, that the racing operations would
7 be able to be funded within that cap of \$1,080,000. In
8 fact, it is right about right on target for \$1,080,000.

9 We might ask like you said operations cost
10 \$1.6 million. One of the obligations is on the assumption
11 that there will be continuing payments made to cities and
12 towns. We have to on a quarterly basis reimburse in the
13 general fund for the payments that get made presumably
14 from an appropriation. If there is not an appropriation
15 but there is an authority given then we would have to make
16 the payment to cities and towns directly from the Trust.
17 That is where the math works.

18 Essentially, there is \$2.6 million of
19 revenue that comes into the Trust. About \$1.6 million for
20 operations and about \$1.0 million for payments to cities
21 and towns. The revenues are right on target for what you
22 need to maintain current operations.

23 CHAIRMAN CROSBY: Except you are saying
24 there is an additional \$500,000 now if we have to pay
25 benefits.

1 MR. HOLMES: Yes.

2 CHAIRMAN CROSBY: So, the numbers you gave,
3 just add \$500,000. So, operating expenses are really
4 \$2.1 million and the total need is \$3.1 million.

5 MR. HOLMES: Right.

6 CHAIRMAN CROSBY: So, there is more than a
7 cash flow problem. There is a shortfall; is that right?

8 MR. HOLMES: Under that scenario, there is
9 a shortfall. As I indicate, the charge of fringe and
10 indirect costs to trusts is overseen by Administration and
11 Finance. They do have the authority to waive those costs.
12 So, I address that as an option.

13 CHAIRMAN CROSBY: So, if they waive the
14 costs, it would be just simply doing what they have always
15 done in the past. That wouldn't be a new cost to the
16 Commonwealth, right? That would be expended a different
17 way but it wouldn't be an incremental cost to the
18 Commonwealth, because those benefits have been paid in the
19 past by --

20 MR. HOLMES: Right.

21 CHAIRMAN CROSBY: That can be fixed by A and
22 F, it doesn't need legislative approval?

23 MR. HOLMES: Correct.

24 CHAIRMAN CROSBY: Are the revenues pretty
25 reliable? The \$2.6 million has been on a downward trend,

1 right?

2 MR. HOLMES: That is a very good question.
3 The way Racing and Consumer Affairs has been providing
4 over the last year and a half oversight and support, the
5 way those estimates are done, based on historical patterns
6 is from year to year there has been about a 10 percent
7 decrease in revenues at the tracks. Our current
8 calculation estimates assume another 10 percent decrease
9 with the one exception that the four months of calendar
10 year 2012 where we have actuals, those revenues actually
11 for the first time in quite a long time came in higher to
12 the tune of about \$150,000 over a year ago.

13 So, I would say that based on that I am
14 comfortable with the current estimates, which are not
15 making any assumptions about that \$150,000 that has
16 actually come in.

17 COMMISSIONER ZUNIGA: There is a bit of an
18 art, if you will do this projections that Mr. Holmes is
19 referring to, because those revenues really depend on the
20 level of activity at the tracks. And while in decline,
21 there has been a recent uptick in at least a recent
22 increase in activity in the first four months you said of
23 the year.

24 MR. HOLMES: Yes.

25 CHAIRMAN CROSBY: We get the background.

1 COMMISSIONER MCHUGH: I am confused. I
2 must confess, I am coming into this cold. So, I just went
3 to look at the statute. And as I understand it the monies
4 we are talking about are generated by the pari-mutuel
5 taxes, right?

6 MR. HOLMES: Right, the revenues.

7 COMMISSIONER MCHUGH: The revenues that
8 come into this so-called Trust?

9 MR. HOLMES: Right.

10 COMMISSIONER MCHUGH: The first order of
11 business is to pay for local aid to the host communities
12 of the licenses.

13 MR. HOLMES: Right.

14 COMMISSIONER MCHUGH: The second order of
15 business under the old scheme was to reimburse the general
16 fund for the amount of the Commission's expenses, right?
17 That is the second statutory criteria. To set aside an
18 amount to fund the annual budget of the State Racing
19 Commission. And this amount shall go to the general fund.

20 What was the function of that? Some money
21 went to the general fund to reimburse -- to cover the
22 annual budget of the State Racing Commission?

23 MR. HOLMES: You make a good point that
24 maybe us non-lawyers did not see. We have always viewed
25 that as reimbursing the appropriation from the general

1 fund. As you are reading it, obviously, it's not making
2 a reference to an appropriation. In fact, Commissioner
3 Zuniga and I had this conversation whether there was a way
4 to interpret this language in a way that would allow --
5 to use that language to sort of plant the appropriation
6 that has been there in the past that is not there now.

7 COMMISSIONER MCHUGH: Just historically, I
8 take it, the amount of the appropriation was reimbursed
9 to the general fund?

10 MR. HOLMES: The amount of expenditures
11 from the appropriation. The appropriation was for \$1.6
12 million and we spent \$1.4 million then the \$1.4 million
13 was reimbursed.

14 COMMISSIONER ZUNIGA: Leaving a net of
15 \$200,000 for what?

16 MR. HOLMES: To go back to general fund.

17 COMMISSIONER MCHUGH: To go back to the
18 general fund, I see.

19 MR. HOLMES: We could only use the
20 appropriation, those dollars that we would have revenues
21 to cover.

22 COMMISSIONER MCHUGH: So, then what was the
23 shortfall that was necessary to pay up to the \$1,080,976?
24 What did that cover in addition to the expenses covered
25 by the appropriation?

1 MR. HOLMES: That was inserted at a time
2 where the Commission went to the Legislature, the Racing
3 Commission went to the Legislature and said we need more
4 money. The Legislature in lieu of appropriating more
5 money set up this trust mechanism that would allow -- that
6 would bring in the dollars.

7 And they put in language that allowed them
8 to spend directly from the Trust in addition to the
9 appropriation of the \$1,080,000.

10 COMMISSIONER MCHUGH: So, as a practical
11 matter, the appropriation always was less than the amount
12 necessary to cover the Commission's expenses?

13 MR. HOLMES: There was a short period of
14 time where the Commission -- This predates me. -- where
15 the Commission was expending their appropriation and
16 expending some percentage of the Trust as well for
17 Commission operations.

18 That as revenues have decreased over the
19 years that has squeezed them down and forced them to a
20 point where they spend just what has been appropriated.
21 So that the Trust has become just the reimbursement
22 mechanism for expenditures made from the appropriation.

23 COMMISSIONER MCHUGH: I see. So, you
24 never dipped into the excess that the statute permitted?

25 COMMISSIONER ZUNIGA: What excess?

1 MR. HOLMES: I think there was a time but
2 certainly in the years that I have been involved directly
3 or indirectly, that Trust has not been used to provide
4 additional operating revenues for the fact that the
5 revenues coming into the Trust would not support beyond
6 -- The Commission is operating at a level that current
7 revenues can support. Over the last five years, there
8 have been layoffs and other changes made in order to live
9 within the revenues coming in.

10 COMMISSIONER ZUNIGA: Perhaps it would
11 help to just give you some sense of the amount of the level
12 of monies that we are talking about. Am I correct that
13 there is perhaps \$170,000 give or take currently in that
14 Trust, the Racing Development Trust? It is not a lot of
15 money, if you will, when you take into account the \$1.6
16 million or really levels that we are talking about. Is
17 that not correct?

18 MR. HOLMES: The monies that are sitting in
19 the Trust that are sitting with the Gaming Commission is
20 \$170,000. However, there was an ISA executed with DPL for
21 the balance of fiscal year '12. Funds both from the
22 appropriation and from the Trust moved under the direction
23 of DPL through that ISA so that they could process the
24 necessary payments, which include reimbursing the general
25 fund.

1 So, if you were actually to put together
2 what is sitting in the Gaming Commission side of the Trust
3 and what got moved to DPL, you are talking I think about
4 \$1.3 million was moved to DPL. So, it is about \$1.5
5 million in all.

6 However, at the end of the fiscal year, you
7 have to reimburse the general fund for the last two
8 quarters of the fiscal year. And we have to reimburse the
9 general fund for the third quarter payment to cities and
10 towns. So, that that amount of money will drop down.

11 Maybe the number that is most useful is to
12 say our calculations are when we begin the fiscal year,
13 there will be about \$350,000 sitting in the Trust to cover
14 racing operations. That will get us through the first
15 month. During that first month, another \$200- \$250,000
16 will come in. So, we'll be able to manage, but it is a
17 revolving door.

18 That is the issue that the Commissioner is
19 referring to.

20 COMMISSIONER STEBBINS: When was the cap
21 set at \$1,080,000?

22 MR. HOLMES: I don't know the date. I am
23 going to say it was probably 10 plus years ago.

24 COMMISSIONER STEBBINS: All of that time is
25 had never been adjusted?

1 MR. HOLMES: It has never been adjusted
2 because in that time the revenues coming in has limited
3 the Commission's ability to actually do anything with that
4 \$1,080,000. That is \$1,080,000 in words is now
5 \$1,080,000 in words only until we get to this year where
6 we will have appropriation. Now all of the sudden that
7 \$1,080,000 means something in terms of our ability to
8 cover operational costs.

9 CHAIRMAN CROSBY: How much was the
10 appropriation this year?

11 MR. HOLMES: About \$1.6 million.

12 CHAIRMAN CROSBY: The simple solution it
13 seems to me is to just to switch the Commission cash flow
14 for the legislative appropriation. And we would not have
15 to do anything with the Legislature. We could just do it
16 ourselves. As long as it is a wash, as long as the \$2.6
17 million holds then it is a wash to us. It may be a cash
18 flow impact but it is a wash.

19 Then over time we have got to figure out how
20 are we going to fund racing. We just don't have any idea
21 what long-term racing operations is going to look like if
22 we have casinos or racinos. The arithmetic is going to
23 change completely.

24 That seems like -- What are the downsides
25 to that? That seems like it is relatively simple

1 solution. It saves us the trouble of trying to go to the
2 Legislature for a fix.

3 COMMISSIONER ZUNIGA: We would need to
4 confirm that -- Let me ask the question first. Do you mean
5 to say that the Commission could "front" money to the
6 Gaming Commission -- the Gaming Commission to the racing
7 operations much in the way that the line item worked, is
8 the cash flow mechanism?

9 CHAIRMAN CROSBY: Exactly.

10 COMMISSIONER ZUNIGA: We would then
11 reimburse ourselves from the Trust. That is a question
12 that I would like to confirm from the Comptroller. Our
13 ability to tap into the Trust to reimburse ourselves is
14 one that I would like to confirm. I don't know the answer
15 to that question.

16 MR. HOLMES: I actually have the exact
17 language, which I think leaves this question out there.
18 It says to set aside an amount to fund the annual budget
19 of the State Racing Commission and this amount shall go
20 to the general fund.

21 So, that language is suggesting there is an
22 appropriation. We have to reimburse the general fund.
23 Whether you can interpret that with the changes that have
24 been made and now the Gaming Commission appropriation is
25 sort of like the general fund that is not my area of

1 expertise. But that certainly is a question.

2 That would be the easiest if you can confirm
3 that you would be able to do that then you've got that
4 solution and you would also be able to avoid the indirect
5 costs by charging personnel costs directly to the Gaming
6 Commission funds.

7 CHAIRMAN CROSBY: Right.

8 MR. HOLMES: And the issue would be
9 resolved.

10 CHAIRMAN CROSBY: What is the process by
11 which the money goes from the taxed entity to the Trust?
12 Is there any interim step there?

13 MR. HOLMES: You mean from the tax entity
14 you mean the racetracks?

15 CHAIRMAN CROSBY: Yes.

16 MR. HOLMES: There is a series of different
17 revenues that flow from the tracks to the Commission that
18 get deposited directly into the Trust by the Commission
19 or by the racing staff.

20 CHAIRMAN CROSBY: Another way around this
21 would be if the language of the cash flow into the Trust
22 is such that it could go elsewhere then we wouldn't have
23 to worry about whether we could get it out of the Trust.
24 We could just bypass the Trust and have it come to the
25 Commission somehow.

1 MR. HOLMES: I hadn't thought about it that
2 way or looked at it that way. That would be another
3 option.

4 My gut is that the language is directing it
5 to the Trust. But again, it may be written in such a way
6 that you could make an interpretation that would save
7 yourself the trouble.

8 CHAIRMAN CROSBY: Commissioner McHugh, do
9 you have more background thoughts here or questions?

10 COMMISSIONER MCHUGH: No. I really think
11 it would be very difficult given the language of the
12 statute that was just read to get money from the Trust to
13 reimburse ourselves. That is pretty specific.

14 One alternative would be to try to get the
15 Legislature simply to excise the portion of that language
16 that says and this amount will go to the general fund. The
17 theory was that basically the Legislature would front the
18 money and then get repaid by pari-mutuel taxes.

19 Now the Legislature isn't fronting the
20 money. So, perhaps it could be persuaded to allow the
21 industry to self-fund its oversight. So, that might be
22 a way to go that would be easier than trying to lift the
23 cap on the \$1,080,000.

24 MR. HOLMES: It also addresses the problem
25 of the indirect costs that the Trust incurs which are

1 substantial.

2 CHAIRMAN CROSBY: It seems to me that maybe
3 we've got two tracks to go down. We haven't had a lot of
4 luck and the Legislature as we know is very reluctant to
5 amend any of this stuff. But clearly it seems pretty
6 obvious this is a minor issue really.

7 COMMISSIONER MCHUGH: Just to jump in
8 there, this would not require amending the Gaming
9 legislation, 128A, one line, just a few words, just a few
10 small words.

11 CHAIRMAN CROSBY: That's the same strategy
12 as I recall we adopted.

13 COMMISSIONER MCHUGH: It never hurts to try
14 again.

15 CHAIRMAN CROSBY: I agree. I think we
16 ought to go down two tracks. I think we ought to go down
17 the track of talking with the Legislature and seeing
18 whether or not we can get those words taken out. It could
19 be in the budget. This should be a good time to do it.

20 But at the same time, I think we need to look
21 into whether there is in the language room to figure out
22 other solutions if we can't get the Legislature to do that.
23 Checking into interpretations of these various pieces of
24 the statute, we could find out whether there is a second
25 path to go down. We could use Anderson and Kreiger to help

1 us with this?

2 COMMISSIONER MCHUGH: Surely we can and we
3 can look at it ourselves and in combination see if there
4 is any way we can figure out how to do it. If worse came
5 to worse, and that would be the worst, we could simply use
6 our funds to fund it.

7 MR. HOLMES: If I could just intercede, I
8 just thought of one potential issue with that path. In
9 order to move funds into an account, the Trust has specific
10 language that allows it to receive money. Your
11 appropriation is an appropriation. We would not be able
12 to dump extra money into that appropriation.

13 You've got an appropriation for X-number of
14 dollars that authorizes whatever the amount is. Let's
15 say it's \$10 million. It is giving you \$10 million. It
16 caps you at \$10 million. I can stand to be corrected, but
17 I would be very surprised if we could direct revenues into
18 that appropriation.

19 I have never experienced it before. The
20 only places that I have seen revenues directed into an
21 expenditure account is something called a retained
22 revenue account, or a trust that has language behind it
23 that tells the entity involved where those monies are
24 coming from here and where they are going.

25 The appropriation is just that. Your

1 Gaming Commission appropriation is just that. It is an
2 appropriation that was appropriated to you by the
3 Legislature.

4 COMMISSIONER ZUNIGA: As a working cash.

5 COMMISSIONER MCHUGH: But you have to look
6 at the purposes for which it was appropriated.

7 COMMISSIONER ZUNIGA: One thing that --
8 another party we should check in addition to Anderson and
9 Kreiger is the Comptroller's office because they have
10 essentially set up those accounts for us and can confirm
11 just what Mr. Holmes is saying or think of an alternative
12 way, if there is one.

13 CHAIRMAN CROSBY: Right. There really two
14 questions. We need to come up with the language or the
15 action that would be required by the Legislature if the
16 Legislature was willing to make an amendment whatever it
17 would require to fix this problem on the one hand.

18 And on the other hand, we got to figure out
19 whether or not there are other alternatives besides as
20 Commissioner McHugh said, just paying the bills, which we
21 can always do if we had to.

22 This is not urgent, right? You've got the
23 revenues to get through, it sounds like, through September
24 anyway?

25 MR. HOLMES: We can manage the first six

1 months.

2 CHAIRMAN CROSBY: Six months, okay. We
3 will get on this, but it is not a crisis, right?

4 COMMISSIONER CAMERON: We do have to have
5 an ISA in place in two weeks. So, we do not have the funds
6 to complete that for the entire year.

7 MR. HOLMES: We don't have it for the entire
8 year.

9 COMMISSIONER CAMERON: You're suggesting
10 we do another shorter-term ISA?

11 MR. HOLMES: We would do an ISA for the full
12 amount of time. We would fund it with the \$350,000 that
13 is available. And after the first month, amend it and put
14 in all of the revenues that have come in during that month.

15 COMMISSIONER CAMERON: We can amend it?

16 MR. HOLMES: Yes, we can amend it. It
17 takes a little extra work, but it is certainly a doable,
18 workable option.

19 CHAIRMAN CROSBY: Okay. Maybe
20 Commissioner Zuniga and Commissioner McHugh can work on
21 trying to get the legal issues done. We'll talk with the
22 Legislature.

23 Do we have a full P&L for the Racing
24 Commission? Do we have it? I guess not. You may have
25 earlier on, I don't know when you gave us a bunch of

1 material early on, but I would like to see a very thorough
2 P&L of sources and uses. If there is any balance sheet
3 items -- I don't know whether there are or not.

4 MR. HOLMES: There is an annual report for
5 calendar year 2010 that is completed. A report for 2011
6 is in its final stages. Each of those reports gives you
7 all of the detail you would --

8 CHAIRMAN CROSBY: It's a calendar year
9 report?

10 MR. HOLMES: Yes. The Trust unfortunately
11 is a calendar year, not fiscal year.

12 CHAIRMAN CROSBY: The Trust only gives you
13 the P&L for the Trust. It doesn't give you the P&L for
14 the Racing Commission?

15 MR. HOLMES: The annual report gives you
16 the full picture.

17 CHAIRMAN CROSBY: Whatever is required, I
18 would like to understand while we are looking at this and
19 see a really clear P&L. Are there any other trust funds
20 around? Are there other buckets of money sitting around?

21 MR. HOLMES: There are trusts set aside for
22 each track that are specifically for capital expenditures
23 and for marketing.

24 CHAIRMAN CROSBY: Anything that compiles
25 all of that both in effect it would be balance sheet items

1 and P&L would be useful.

2 MR. HOLMES: I will work with staff and put
3 together something to get it delivered over by the end of
4 the week.

5 CHAIRMAN CROSBY: Whenever as soon as you
6 can. It is not urgent.

7 So, this is under control more or less.
8 Given that we've got several months, this is under
9 control. Thank you very much.

10 COMMISSIONER CAMERON: Thank you, Mr.
11 Holmes.

12 Mr. Holmes, we talked about that. That was
13 the indirect costs. The Commissioner was asking about
14 issue two in your memo. Do you want a little more briefing
15 on that?

16 COMMISSIONER MCHUGH: I just wondered what
17 that was. Maybe it's subsumed in the discussion we've
18 already had. I gather that the \$1.6 million for some
19 reason goes up to \$2.1 million?

20 MR. HOLMES: Right.

21 COMMISSIONER MCHUGH: How does that event
22 occur?

23 MR. HOLMES: That event occurs because any
24 Trust by regulation, A and F regulation gets charged
25 fringe and indirect costs, which total, it changes from

1 year to year, but around 40 percent.

2 CHAIRMAN CROSBY: Let me just explain this.
3 This is a weird thing. The Gaming Commission's budget or
4 the Department of Revenue's budget does not include
5 benefits, does not include fringe. That is paid out of
6 another mystery bucket somewhere that A and F has, which
7 understates state agency budgets by the amount of fringe,
8 which is 30 to 40 percent.

9 If payroll is paid out of something other
10 than a State agency in effect, a standard state payroll,
11 then you have to account for fringe. If this is paid out
12 of a trust fund rather than out of a State's appropriation,
13 then all of a sudden you have to account for fringe, which
14 is apparently a 40 percent increase in this case.

15 I ran into this at UMass Boston. If we set
16 up a center that generated its own money, its payroll was
17 40 percent higher because we had to pay it out of it.

18 So, we can get around this if our solution
19 means the Gaming Commission ends up paying the payroll
20 then we won't have to pay fringe. We can apparently also
21 get around it by a waiver from A and F. If we have to use
22 the Trust, then we go to A and F and try to get around it,
23 which they may well do given that they have paid all of
24 this in the past.

25 I think if I'm reading this right, we can

1 sit on this one for a while until we resolve question one
2 first.

3 MR. HOLMES: And A and F can waive it
4 retroactively.

5 COMMISSIONER MCHUGH: Okay. Thank you.

6 CHAIRMAN CROSBY: Thank you. Field trips,
7 Plainridge.

8 COMMISSIONER CAMERON: Yes. Our chief of
9 staff has scheduled on the 21st in the afternoon a trip
10 to Plainridge, because racing starts later in the
11 afternoon.

12 CHAIRMAN CROSBY: I don't think it's on the
13 group calendar. I don't think it is on my calendar.

14 COMMISSIONER MCHUGH: It is on mine.

15 CHAIRMAN CROSBY: So, the 21st in the
16 afternoon. Are the media invited?

17 MS. DRISCOLL: We have not discussed that
18 yet.

19 CHAIRMAN CROSBY: So, then project work
20 plan, item B, applicant relations with state agencies.
21 This is the topic that Commissioner McHugh and I talked
22 about last week. Where we are working with state agencies
23 to try to set up a process by which the state agencies can
24 filter all of the requests that are coming in from people
25 that are not applicants yet, but are sounding like they

1 want to become applicants.

2 I think we talked about this. We had a big
3 meeting with a bunch of secretaries and the Governor's
4 office. They have now drafted a protocol for how these
5 requests will be handled. If someone who is now a
6 developer, bidder makes a request to meet with a state
7 agency, they made a proposal for how this should be
8 handled.

9 Commissioner McHugh and I have responded
10 and there are some changes coming. For purposes of the
11 public and potential participants, we will shortly have
12 a process in place. I wouldn't be surprised if it was
13 within a week or so. We will review it here once it is
14 drafted correctly that will give a clear set of directions
15 about how prospective bidders can work with state agencies
16 to get decisions on permitting and licensing and curb cuts
17 and all of that sort of stuff. So, that will be coming
18 actually.

19 COMMISSIONER ZUNIGA: Is there a timeline
20 -- Actually, maybe the question really is does the way we
21 envision phase one important to be done so that a lot of
22 work that has not come to fruition doesn't need to happen
23 if it is not necessary.

24 CHAIRMAN CROSBY: This is something that we
25 have talked about back and forth many ways and times. We

1 will start phase one. It is going to take three to six
2 months probably to complete phase one, certainly three and
3 maybe as many as six.

4 Most of the bidders are not going to want
5 to sit tight. They are going to presume they are going
6 to pass. And they are not going to want to sit tight.
7 They are already out there now working with communities.

8 A community could say I am not going to talk
9 to you until you have been prequalified. They are within
10 their rights to do that. Or a bidder could say I'm not
11 going to do any work until I am prequalified.

12 Since we have seen already how many people
13 are willing to start going to work without any approvals
14 or any sort, our guess is that they will continue to want
15 to work. And if the towns are willing to work with them,
16 then they will continue to move their process along
17 believing that they will pass the prequalification stage.

18 So, we are operating under that assumption.
19 We are not assuming that everything is going to come to
20 a halt while this prequalification process goes forward.

21 The one thing, as long as we are talking
22 about this that we did suggest is that the state agencies
23 wanted to have the prequalification approval be the point
24 at which applicants could willy-nilly still working with
25 state agencies. Since we now have this different process

1 in place, our suggestion is that once you pay the
2 application fee, which is \$400,000, it is going to weed
3 out the trivial, frivolous players.

4 You are not going to put up \$400,000 unless
5 you are serious about being an applicant. Once you put
6 up your \$400,000 then you are considered an applicant.
7 You are considered serious. And you will have access to
8 the state agencies even before the prequalification
9 process is actually completed.

10 But we will put this in writing. And we can
11 review it and talk about it. It is hard without seeing
12 it formally in writing.

13 The savings in time is the big issue because
14 we are able to work on phase two while phase one is going
15 on. Everybody doesn't have to sit around and wait until
16 phase one is -- phase two is all written up. The regs.
17 are all written up for phase two before they start the work
18 in phase one.

19 It's probably not going to stop everything
20 in six months. That is our expectation. We will come
21 back to this but it is moving forward. And I think it is
22 something that will be helpful to participants when the
23 time comes.

24 5-C, Commissioner McHugh, the proposed
25 rulemaking.

1 COMMISSIONER MCHUGH: We talked about that
2 a bit last week, Mr. Chairman. That is the notice that
3 we propose to issue rules dealing with the bifurcation
4 process.

5 We are going to ask for public comment at
6 a very high level of whether this is a good idea and things
7 that we should consider. No specific form to what we are
8 looking for. We are going to issue a press release today,
9 as I understand it, that will contain that notice.

10 The responses will be directed to the
11 Commission either by email or by mail. It will remain
12 open for about a month. And it will provide information
13 that the consultants and ultimately we can take into
14 account in the initial drafting of regulations. And then
15 in looking at the content of the regulation after we
16 receive them from the consultants.

17 So, it is basically designed to help us
18 think through and get some fresh eyes from the outside on
19 what this process ought to look like, whether it's a good
20 idea, pitfalls that may exist in it. And we welcome
21 comments from everybody who is interested in the process,
22 potential applicants, potential city and town host
23 communities and surrounding communities, members of the
24 general public.

25 We hope for a wide dissemination of the

1 notice and a wide response from people who have an interest
2 of any kind in the process we are undertaking. That will
3 go out today or tomorrow.

4 CHAIRMAN CROSBY: Great. I think we also
5 added sort of an open-ended catchall question if an
6 interested party has other suggestions on how we might
7 expedite the process, please feel free to contribute.

8 COMMISSIONER MCHUGH: Yes, that is part of
9 the request.

10 CHAIRMAN CROSBY: Technical assistance to
11 communities. Commissioner Zuniga had a memorandum that
12 we have distributed. This is sort of wrap-up of a lot of
13 the issues that we've been discussing. Why don't you go
14 ahead and pick up where you wanted to on this.

15 COMMISSIONER ZUNIGA: We started to
16 discuss this process. We started to get a number of
17 questions relative to communities. We met with some
18 chambers of commerce, etc. and many of those questions
19 come in the form of how do we know when to engage with
20 developers. We've engaged but we have not taken a
21 position. And how is the whole process going to work?

22 Really the purpose of my memo was to try to
23 frame the discussion merely because I work better in terms
24 of trying to put it in writing rather than trying to
25 summarize it in a meeting like this.

1 The gist of it is really here in the first
2 couple of bullets, what kind of information would be
3 needed locally for residents that will soon be in a
4 position to vote on proposals. In between these two steps
5 that we have been talking about, the phase one will allow
6 us to license based on mostly financial and individual
7 information. But then there will be an interim step where
8 residents or local officials will be really looking at
9 project specific proposals. And there is clearly state
10 agencies in there as well just on what we were talking
11 about --

12 CHAIRMAN CROSBY: Right.

13 COMMISSIONER ZUNIGA: -- prior to this
14 Commission actually licensing in the phase two or third
15 step. What role does this Commission play as an observer,
16 as a provider of technical assistance in that interim
17 phase is one of the questions that I had here. Just a
18 topic for discussion. That is the gist of it.

19 CHAIRMAN CROSBY: I saw three different
20 issues that came up in this memo. One was what are we
21 going to set for requirements for degrees of specificity
22 and completion for a proposal either at the stage of a
23 referendum or at the stage of a license application. Same
24 as we have been talking about all along.

25 If you need permission to fill in a swamp

1 in order to get your casino built, are we going to say you
2 have to have that permission before the referendum so the
3 town actually knows what the outcome is? Or are we going
4 to say you have to have that before the license application
5 is awarded? Or are we going to make it something we are
6 willing to be contingent about. There is going to be a
7 host of issues like that. That's one issue.

8 What issues are the threshold issues to
9 permit a referendum to go forward and to permit a license
10 to be awarded? That is one.

11 Then you talk about the research agenda,
12 which there's a lot of different dimensions, including
13 what you are talking about.

14 And then you talked about the issue that we
15 talked about a lot, which is how are we going to give
16 technical assistance to cities and towns, which I think
17 is really the gist of what you were getting at.

18 COMMISSIONER ZUNIGA: Yes.

19 CHAIRMAN CROSBY: The one about what
20 criteria will we set in our regulation process, in our
21 licensing process the degree of specificity and
22 completion of a proposal for a referendum and ultimately
23 for a license award is a big one that we're going to be
24 talking about a lot.

25 On the issue of cities and towns that says

1 technical assistance, this is something that Commissioner
2 Stebbins has been working on. Are you bringing a
3 dimension to this beyond that or just sort of summarizing?

4 COMMISSIONER ZUNIGA: Trying to frame all
5 of these issues in a way -- The level of specificity is
6 one that I think we are all wrestling with because it
7 depends on the site, on the project, on local ordinances.
8 It would be very hard to try to tackle prior to knowing
9 where a project like this is going to go.

10 In lieu of attempting to do that, I suggest
11 that the way to maybe think about this is with resources
12 available from state agencies or consultants or third
13 parties if no one else that evaluate those site-specific
14 questions at that time. Does that make sense?

15 COMMISSIONER MCHUGH: I think we are going
16 to have to do site-specific evaluations. There is no
17 question about that, despite the fact that we are not going
18 to be filling in any swamps.

19 CHAIRMAN CROSBY: You would like me to not
20 use that example?

21 COMMISSIONER MCHUGH: I would like you to
22 not use that example. But it also seems to me that we are
23 going to have to develop regulations that deal with this
24 in a generic sense.

25 We are going to have to create regulations

1 that are going to have to deal with it at the framing of
2 an agreement level so that the people of a community know
3 what they are voting on in real terms, but in a way that
4 is realistic for that stage of the development. And then
5 what the license application is going to contain.

6 As we approach that, it seems to me we can
7 rely on and maybe have to get some consultants to us, some
8 specific consultants in site design and this kind of stuff
9 to help us think through at a high level what those
10 regulations ought to contain. And then rely too on our
11 consultants for what other commissions have done with
12 similar kinds of applications.

13 I think we have to think about that in a
14 highly structured way rather kind of a loose -- either
15 loose kind of generic conversation or one that is
16 site-specific. Because you don't get to site-specific
17 until you are way deep in the process.

18 The other point that is raised in this memo
19 I think is really important -- That is important too. --
20 I think for right now, the one about how to provide
21 technical support to the cities and towns is one that we've
22 talked about a lot. And every one of these forays I take
23 I hear more and more requests for.

24 Last Saturday when I was with a group, I
25 heard the request for how do I get some help for designing

1 an RFP for a consultant to get some help? There is that
2 level of uncertainty about how to go about this process.

3 And it seems to me, and we talked about this
4 before that we are faced with a difficult task, because
5 if we provide the help directly then we are potentially
6 providing assistance in developing a proposal that we
7 later are going to have to judge in some way.

8 Particularly in a competitive area, if we
9 provide help to one town directly and another town does
10 not have that help, that package comes in without
11 Commission sponsored help, they may feel at a
12 disadvantage. And there may be a concern about that.

13 In addition to that, if we provide help
14 directly and then a package is put together and given to
15 us, we are going to test the viability and utility of that
16 project against regional concerns, and concerns other
17 than those indigenous to the city or the town, and may be
18 in a position of having to criticize the work of somebody
19 who we recommend provide the assistance.

20 That doesn't mean the need isn't there, but
21 it does seem to me that we really need to think about how
22 to reach out in a vigorous way to private entities,
23 educational entities. And we've talked about that. And
24 see if we couldn't stimulate their interest in being a
25 center to provide research assistance and personnel to

1 people even if we fund some of that ourselves.

2 But I think we really need to concentrate
3 on that in the near term, because cities and towns are
4 thinking about this. I know both of you have been talking
5 to a lot who are thinking about that. So, I think the
6 sooner the better. And the more energy we can devote to
7 sponsoring that kind of third-party assistance, the
8 better off everybody's going to be.

9 COMMISSIONER ZUNIGA: One thought that
10 came when you were making the point about providing help
11 is one of the assumptions that I made is that such third
12 party could be a bit of an auditor of whatever negotiations
13 maybe taking place at the local level. Not providing help
14 for a developer perhaps we will indeed be evaluating, but
15 one in which is providing help mostly to the community,
16 to the local officials who may be in a position to ask the
17 questions that need to be asked.

18 COMMISSIONER MCHUGH: As we all remember,
19 the statute provides for the developer to pay for that.
20 So, a mechanism might be to issue regulations earlier
21 rather than later that talk about when the city or town
22 can get that money from either the developer directly or
23 from the licensing application fee. And then provide the
24 city or town with a range of people or a center or someplace
25 to go to get the consultant so they have an advocate that

1 is on their side to look after their interests as the
2 process moves forward. That might be the best way we can
3 provide support.

4 COMMISSIONER ZUNIGA: This could be done
5 via regulation that monies would be available for these
6 reasons planners -- for this disciplines, what I tried to
7 outline here in terms of technical resources. Then they
8 themselves could go hire -- solicit first of all and hire
9 that help.

10 I know we may talk about this in the context
11 of updates from our field trips, but I want to mention one
12 conversation that was relayed to us recently at one of our
13 visits to one of the chambers of commerce in Western Mass.
14 They were saying how they have been in discussions with
15 one of the casino operators. And local jurisdictions say
16 to them, as an example, what are you going to do about
17 signage there? The response from the operators is what
18 do you want us to do about signage?

19 Meaning there really has to be this -- This
20 project is so unprecedented, clearly for these
21 communities that people have not really been thinking
22 about it in terms of what sort of negotiating approach
23 perhaps they may be able to take. Would you agree with
24 that?

25 COMMISSIONER STEBBINS: I think for some

1 communities it is still a question of -- size of the
2 project has probably not been witnessed by I would say any
3 community with a couple of exceptions in Massachusetts.
4 The question keeps coming up from many towns who have their
5 own existing zoning bylaws, sign ordinances and
6 everything else of are those set aside because of this
7 project? No, those are interjected into the project.
8 Normal course of appealing as to the size of a sign or any
9 other zoning matter needs to go through a regular process
10 consistent with how the town has always operated.

11 Or it might be a negotiated point. Or at
12 least the, similar to the State laying out our permitting,
13 needs and expectations maybe the community needs to stress
14 that as well.

15 There is another component of this
16 conversation, which is a risk somewhat for a developer who
17 does not layout their project in extensive enough detail
18 that the local voters don't feel they have enough
19 information to make a well-rounded decision in the voting
20 booth about the wetland adjacent and what is going to
21 happen to that.

22 I think the developer puts their own self
23 at risk in terms of having their project approved if they
24 don't offer enough detail. I think it gets back to the
25 conversation with the Collins Institute. What are a lot

1 of the questions the municipalities should be prepared to
2 ask? And maybe having that list of questions will help
3 them get a better sense of who they need to go out and hire
4 to kind of negotiate their agreement or help them form an
5 agreement that they are going to have with whoever the
6 developer is.

7 COMMISSIONER MCHUGH: How do we get that
8 list of questions developed? How do we get somebody
9 stimulated to provide that kind of assistance?

10 COMMISSIONER STEBBINS: Initial thought is
11 starting with our own counterparts in state government.
12 I am thinking primarily in the environmental and
13 transportation side. Mass. Highway, Mass. DOT has
14 probably done a lot of work based on where they need with
15 their projections. Looking down the line of where there
16 are going to be infrastructure problems.

17 The environmental folks certainly know what
18 the tipping points are and the benchmark questions are for
19 something that will trigger MEPA. And we have a good idea
20 of how long a MEPA process would role itself out into a
21 licensing process.

22 But it comes back to the question you based.
23 Where does that begin to fit in the process and how much
24 work do they need to have conducted before they come to
25 us with the final license application?

1 COMMISSIONER MCHUGH: I am thinking about
2 even before we get to that. Because the sense I am getting
3 from the few people I've talked to, and you have talked
4 to a lot more than I have, is that just where to start is
5 the problem. The question about how do I get somebody to
6 help me with the RFP for the person who is going to help
7 me to figure out how to negotiate. That events an
8 understandable level of concern and sense of a feeling of
9 adrift that I think typifies a number of communities who
10 are embarked on this.

11 They don't even know where to start in
12 looking for the help. What qualities do I need in a
13 helper? A lot of these good people are going to need not
14 only the kind of information you are talking about, but
15 just somebody who will help them figure out what they will
16 need to know and where to go to get it in preparation of
17 the negotiations with the developer.

18 So, how do we facilitate the matching up,
19 if you will, of the towns who need this service with the
20 people who are available to provide it without
21 interjecting ourselves so far into the process that we
22 become part of something that we later are going to sit
23 in judgment about.

24 COMMISSIONER STEBBINS: You reminded me
25 and you mentioned earlier about memoranda of

1 understanding. We met also yesterday with a group who is
2 requesting potential applicants in the region to submit
3 what they would see as a memorandum of understanding so
4 that they can do cross promotions or things locally that
5 would not affect the businesses that they represent. But
6 they are already going ahead and soliciting these
7 responses.

8 Whereas a similar group, entirely different
9 discipline, came and met with us asking that this
10 Commission give points, award points or recognize or have
11 prerequisites for the type of memorandum of understanding
12 that they would like to see for their discipline with a
13 casino.

14 So, just this difference in approach on what
15 was ultimately the same mechanism, I think we need to start
16 talking about and discussing as to what role can the
17 Commission play, if any, on this sort of negotiations.

18 I could mention them by name, but the point
19 is that it is the same mechanism, but it is a fundamentally
20 different approach. They are both "checking with us".
21 We need to think about how these MOUs have actual teeth.

22 COMMISSIONER MCHUGH: I would like to hear
23 more about that process.

24 CHAIRMAN CROSBY: We've been talking about
25 this for probably a month now. And we are not making any

1 headway. The longer it goes on, the more we are out there,
2 the more we become aware of the need and the need is only
3 going to get greater.

4 Our solution was -- I think we accept your
5 sense that we shouldn't do this ourselves. We thought we
6 would turn to a couple of outside organizations who have
7 a lot of experience working with cities and towns. One
8 of the two is interested but it is not going quickly to
9 put it mildly. We could either just try to ramp up the
10 effort to really push the Collins Center to get going here.

11 But I wonder, Commissioner McHugh, whether
12 it is worth rethinking that initial supposition. How
13 serious a barrier is it to us to do this ourselves? If
14 there were another solution out there that was working and
15 we had it going then maybe that would be one thing. But
16 we know more about this than anybody else. We can move
17 quickly if we want to. Is it worth rethinking whether or
18 not we can do this ourselves?

19 I don't know the answer to that. I just
20 raise this as a question. We sort of jumped past doing
21 it ourselves thinking probably it was better that we not.
22 Now it's a month later. We haven't made any progress and
23 maybe we could rethink that.

24 We are thinking about in this discussion we
25 are having about working with state agencies, we have

1 talked about having -- This will be in this proposal. --
2 that there will be, for lack of a better word, sort of an
3 ombudsman at the Commission would be the central point of
4 contact for all state agencies.

5 So, if you are a developer in site X and you
6 want to talk to somebody at the Highway Department, you
7 will come to the Commission's ombudsman. And the
8 ombudsman knows who the key contact person is at DOT and
9 will set up that relationship.

10 That same person maybe set of skills could
11 be the person who also is an ombudsman sort of for cities
12 and towns, and could help guide questions. Pretty soon
13 we pull together a database so they know how you figure
14 out how to write an RFP to find somebody to help you.

15 We could give that person some parameters
16 that say here's where you can go and here is where you can't
17 go. I just ask the question. Is it worth rethinking and
18 see whether we could put some such person in our own staff?

19 COMMISSIONER CAMERON: I am going to make
20 a point that in New Jersey, and that is where I am familiar,
21 there is a separate organization altogether that dealt
22 with economic development in Atlantic City, assistance to
23 Atlantic City and the surrounding communities. The
24 Commission did not get involved with that at all.

25 There's a separate organization that was

1 developed at the time of casino gaming to assist, to
2 negotiate. And that organization exists today. The
3 Governor always fills that position. They do all of the
4 work around Atlantic City and the redevelopment and the
5 negotiating. So, they decided to keep it separate from
6 the Commission for these kinds of reasons that we are
7 discussing now.

8 COMMISSIONER STEBBINS: I do think there is
9 some responsibility on our part. The legislation clearly
10 outlines what will be the components of an application.
11 I think kind of summarizing those pieces of the
12 application may give some guidance to a community. I
13 think that is a piece of it.

14 And Commissioner Zuniga and I had this
15 conversation the other day. I have a general worry that
16 developers on one track working to the communities, we are
17 on this kind of hands-off approach over here. I have a
18 big worry with the developer and the Commission only
19 meeting up at the finish line.

20 I don't necessarily mean that that needs
21 direct one-on-one engagement with a potential developer.
22 Maybe it is something we consider after the first of the
23 RFA process, because then we know who is serious.

24 I think there are a lot of expectations
25 around this bill that we want to see crystallized in a

1 final application. Maybe summarizing what should be --
2 again, highlight what will be in an application maybe
3 enough to generate some discussion at the local level for
4 somebody at the community level to say this is somewhat
5 what the Commission is looking for in a successful
6 application. How is that going to figure into your plans?

7 I also think we need to take some stock of
8 the support and assistance that the regional planning
9 councils may be able to offer to those communities in terms
10 of some mitigation issues. Each of them kind of has
11 different levels of data and backup and everything else.
12 But it might be something we discuss next week at the MAPC
13 group, the one that organized it.

14 COMMISSIONER MCHUGH: I think those are
15 excellent approaches. Some kind of a big picture
16 high-level process of what is going through, summarizing
17 what is going to be in the applications. I think those
18 would be excellent things to do.

19 I think it is worth constantly rethinking
20 what judgments that we have made. There may be some way
21 to create sort of a bureau of independent advice or
22 something that is part of the Commission that does serve
23 as an ombudsperson, both for developers and for towns, and
24 helps them figure out what to do about jeopardizing the
25 final product as a Commission sponsored solution that

1 later would pose problems in trying to evaluate it.

2 I think there are a number of things that
3 we can do. I think ultimately that the towns and the
4 developers certainly are going to have people who are a
5 point person who are experienced. They have been through
6 this before. I think that ultimately each of the towns
7 that is serious about this is going to have some kind of
8 a point person who is their person, who is competent and
9 skilled and able to negotiate an even plan with the
10 proposed developer.

11 I think that's at the point where we do our
12 best service by trying to figure out how to assist the
13 towns in getting that kind of a person. Because that is
14 the point where I think, at least at a very high level,
15 that is the point where we can't go.

16 COMMISSIONER STEBBINS: They can't really
17 open up the Yellow Pages and find somebody who has hung
18 out a shingle of casino negotiator.

19 CHAIRMAN CROSBY: Why don't I take this on
20 as a task and see whether I can put together some specific
21 plans. Now that I am thinking about it, there are
22 organizations like Mass. Development for example that
23 does this. They provide technical assistance to
24 communities and businesses. They may well have people
25 who have this skill set. There probably are people at the

1 Communities and Development, whatever that state agency
2 is called. And I can move the Collin Center probably
3 quicker than anybody else. So, why don't I see if I can
4 pull all of this stuff together and come up with something
5 that we can feel good about and we can move on quickly for
6 next week.

7 Charitable gaming, anything else to deal
8 with there?

9 COMMISSIONER MCHUGH: Very little. I have
10 scheduled meetings with the Attorney General's office
11 with the Treasurer's office, with the chair of the Town
12 Clerks Association to talk about this subject, to get
13 their views on it, to answer some questions. To see what
14 changes if any in the charitable gaming statutes are
15 worthwhile.

16 Those meetings will all take place in the
17 next week or so. It may be that after we finish that we
18 will talk about the desirability of having another public
19 notice and ask for questions of the public about this,
20 maybe not. We'll see what those groups are recommending.
21 All of this is aimed at having the report in the
22 Legislature's hands by the end of July.

23 CHAIRMAN CROSBY: Great. Anything else on
24 that? Commissioner Zuniga, budget finance, anything?

25 COMMISSIONER ZUNIGA: I submitted a budget

1 for each one of our upcoming fora as presented in the
2 Quinsigamond Community College, the Sheraton Tara Hotel
3 for the mitigation forum and the compulsive gambling forum
4 in North Shore Community College.

5 This is our estimate of expenditures. They
6 are very cost effective I think. I am submitting them for
7 approval. I would request a motion to approve them. If
8 there's any questions, of course.

9 COMMISSIONER STEBBINS: I think just a
10 quick note on the one on Thursday. I think we have been
11 somewhat conservative in our numbers. Hopefully, it may
12 actually be less than the figure we have there. But still
13 it is a fairly decent amount and thank the folks at
14 Quinsigamond College for keeping our costs down.

15 COMMISSIONER ZUNIGA: There is a minor
16 correction on the Quinsigamond College line item that says
17 hotel for speakers. It also includes transportation of
18 some out-of-state speakers. That figure \$2,500 is
19 seemingly too much for hotel only because it also includes
20 transportation.

21 CHAIRMAN CROSBY: I thought you were
22 putting them up at the Taj.

23 COMMISSIONER ZUNIGA: No.

24 CHAIRMAN CROSBY: We have a motion. Do I
25 have a second?

1 COMMISSIONER STEBBINS: Second.

2 CHAIRMAN CROSBY: And to authorize the
3 expenditures in this approximate amount. Any other
4 discussion? All in favor? I.

5 COMMISSIONER ZUNIGA: I.

6 COMMISSIONER STEBBINS: I.

7 COMMISSIONER MCHUGH: I.

8 COMMISSIONER CAMERON: I.

9 CHAIRMAN CROSBY: All opposed? The I's
10 have it.

11 Item eight, public education information,
12 any quick run-throughs for these upcoming forums,
13 Commissioner Stebbins?

14 COMMISSIONER STEBBINS: Sure, just a quick
15 note about the one on Thursday. Again, we have the first
16 panel consisting of folks that worked on some of the key
17 studies that were the impetus for the bill's passage
18 coming in and giving us some updates.

19 I also directed a number of questions to
20 them largely that I picked up from our meetings or
21 conversations with respect to information and tools that
22 we need to address various parts of the law.

23 I think on the second panel, we have two
24 experts that have done extensive research on the impact
25 of siting. Some have done work in Missouri where there

1 are multiple gaming operations within the same vicinity
2 and what the impact has been. I have reviewed some of
3 their PowerPoints in advance. And I think some of the
4 information we are going to glean is going to be helpful
5 for our work going forward.

6 In addition, I am lining up some additional
7 speakers to appear at our regularly scheduled Tuesday
8 business meetings that were not able to participate on the
9 14th.

10 I think it is a good group that gives us a
11 pretty balanced approach. In organizing this, you
12 certainly know who feels that their findings are
13 pro-casino. Who feels that their findings might be on the
14 other side of the argument. But I think we can over the
15 course of the forum on the 14th and subsequent speakers,
16 we will have a good idea.

17 In getting to the issue that Commissioner
18 Zuniga raised with respect to research that has been our
19 question. What good baseline research can we begin to
20 conduct or what stats should we be looking at?

21 A lot of that information already being
22 organized and pulled together by other state agencies.
23 So, trying to figure out where the information is and how
24 we can tap into it. Having them helping us evaluate what
25 that impact is going to be.

1 CHAIRMAN CROSBY: We hadn't really thought
2 about doing it this way, but I wonder whether it would be
3 -- It would be interesting at the end of the forum rather
4 than just leaving and waiting until Friday morning, this
5 is effectively a public meeting. I wonder whether we
6 ought to have sort of a caucus, a public caucus to sort
7 of make sense of what we heard after all three of these.

8 Particularly, I am thinking about economic
9 development where we have so many issues to talk about.
10 I think it might make sense to at least see what happens.
11 See whether we are interested in sticking around for
12 another whatever to kind of make sense of what that is and
13 see what next steps are and how we want to follow-up.

14 COMMISSIONER STEBBINS: Do you see that as
15 being a conversation among the five of us or asking our
16 panelists to --

17 CHAIRMAN CROSBY: On all three of these, I
18 was thinking after community mitigation, after gambling
19 as well that part of the day be that we spend time to think
20 about what we just heard and think about follow-up
21 strategies and maybe stuff that we want to have done, who
22 we want to have come back. I don't know what it might be.

23 COMMISSIONER STEBBINS: I think it's a
24 great idea especially with everything kind of fresh on our
25 minds as opposed to putting it off for another day to two

1 or whenever we reconvene.

2 CHAIRMAN CROSBY: These are effectively
3 public meetings, Commissioner?

4 COMMISSIONER MCHUGH: I hear what you are
5 saying. I hadn't thought about that. I assume that we
6 have no agenda. We are not going to make any decisions.
7 If that is not the case -- Let's think about that.

8 CHAIRMAN CROSBY: As a practical matter,
9 they are almost handled almost like public meetings
10 anyways. We haven't had quite the rigor of the process,
11 but certainly in the spirit of it, these are public
12 meetings, although we have thought of them as education
13 and training for the Commissioners. Some kind of
14 follow-up. Clearly I think some kind of follow-up
15 mechanism would be really helpful as long we are all right
16 there.

17 COMMISSIONER MCHUGH: I understand that,
18 Mr. Chairman, but there are requirements, technical
19 requirements for a public meeting. And training is a
20 different device.

21 CHAIRMAN CROSBY: I understand that.

22 COMMISSIONER MCHUGH: Let's think about
23 whether we have -- Let's just think about that. We
24 certainly can take appropriate steps for the ones that are
25 a little further downstream. If we are already in shape

1 for the 14th, let's do it. If not, let's figure out how
2 to construct the other ones so that we can do it. Let's
3 talk about that a little further.

4 CHAIRMAN CROSBY: Okay. I don't have
5 much to add on community mitigation or compulsive
6 gambling. You've seen the agenda. They're pretty much
7 going forward as discussed.

8 Has anybody decided whether they wanted to
9 go this thing on the 19th, compulsive gambling?

10 COMMISSIONER CAMERON: Yes. I have that
11 on my schedule, Mr. Chair.

12 CHAIRMAN CROSBY: We will have our meeting
13 with four Commissioners. And if there is any issue with
14 that, we'll talk about it as we see the agenda coming
15 together.

16 Community outreach responses to requests
17 for information, Commissioner McHugh?

18 COMMISSIONER MCHUGH: None this week.

19 CHAIRMAN CROSBY: Report from the Director
20 of Communications and Outreach?

21 MS. DRISCOLL: So, basically just to follow
22 up on much of what we discussed last week, this week I spent
23 a lot of time focusing on ways to increase attendance at
24 the forums, repeatedly putting it out to media, utilizing
25 our social media as well. That is another thing that we

1 have been doing a lot of this week.

2 Finding ways to enhance our social media
3 efforts. As you know, we've gotten Twitter, Facebook,
4 YouTube up and running. We are finding ways to increase
5 the number of followers that we have on Twitter and getting
6 there. I would like to see us get a critical mass so that
7 it is a great way for us to poll people should we want to.

8 Again, engage people in different types of
9 questions. We are putting out things such as the proposal
10 for rulemaking seeking input on the drafts, using social
11 media would be a great way. It reaches many community
12 members as we can. I am making sure that I am all over
13 Twitter following the various chambers, media outlets,
14 individuals like that that we would like to equally follow
15 us so we can be engaging them in conversation online.

16 I worked today on developing a release to
17 send out, which will go after this again seeking
18 participating in our rulemaking. Still just reviewing
19 the website to find ways to enhance that. Again, just
20 putting an easy to read calendar that is comprehensive for
21 upcoming forums, meetings, other important dates that we
22 want to make sure is on the public's radar.

23 As we mentioned earlier too, in the process
24 of developing a speakers bureau that will have very
25 specific requirements that will be up on the website and

1 allow for groups such as chambers, rotary clubs, etc. to
2 write in and request a speaker. Where we can have the
3 opportunity to go out and directly speak to the community
4 where we can define the roles and responsibilities of the
5 Commission as well as request any input that we happen to
6 be looking for at that time.

7 Again, still researching various companies
8 that will be able to assist us with logo creation and other
9 important branding efforts as we move forward.

10 CHAIRMAN CROSBY: Great. You are actually
11 talking to companies about doing logo and collateral --

12 MS. DRISCOLL: I am. And I am just
13 checking out websites and things like that. And am
14 looking forward to the State is hosting an event next week
15 where you can meet companies that are on the vendor list
16 that have these graphic capabilities. So, I will be
17 attending that next week because I think that is really
18 important to get him the ball rolling on that as soon as
19 we can.

20 CHAIRMAN CROSBY: Great. I had just on
21 this same idea, there were two things I was interested in
22 getting together a group of people to talk about
23 Affirmative Action strategies. A lot of people have come
24 up to me and talked about ways you can make Affirmative
25 Action where you work better. You can make hiring

1 aggressive Affirmative Action hiring be effective and not
2 a hassle for it. I thought it might make sense to get
3 together with these people and just kind of brainstorm
4 about it. That's just FYI.

5 Commissioner Zuniga and Stebbins were on
6 the road yesterday. And you alluded to some of it.
7 Anything else that is worth recounting to us and others?

8 COMMISSIONER ZUNIGA: One thing that I came
9 to appreciate a lot more after one of the conversations
10 is this notion of regional mitigation. I have thought of
11 it and this is just a personal experience.

12 I have thought of it in terms of host
13 community. And there is clearly language in our
14 legislation relative to adjoining community. A number of
15 research or studies that have been made at the State level,
16 especially because of the groups that we met with, they
17 are bringing up questions as to what kind of regional --
18 where does the region come in relative to all of these
19 mitigation questions. That is just something that came
20 up.

21 CHAIRMAN CROSBY: There is in the
22 legislation, it does talk about coordinating with
23 regional economic development agencies and stuff, I
24 think. I'm not sure about mitigation exactly.

25 COMMISSIONER MCHUGH: It does talk about

1 our assessment of regional impact of economic and other
2 that gaming imposes. It is clearly in our ballpark, yes.

3 CHAIRMAN CROSBY: Anything else on the
4 trip?

5 COMMISSIONER STEBBINS: The efforts to be
6 a little bit more proactive by some of these regional
7 organizations to reach out to potential developers and
8 begin to work with them on some of the MOUs we talked about.
9 Good discussion about taking some of these regional MOUs
10 and how do we make those binding and stand up to what has
11 been negotiated even though it wasn't necessarily the
12 Commission itself. Want to potentially look for
13 regulatory teeth to give these agreements some weight and
14 some bearing. There is a lot of additional questions
15 coming up relative to workforce development.

16 CHAIRMAN CROSBY: You might just mention
17 for the public, you might just mention where you were and
18 who all you met with.

19 COMMISSIONER ZUNIGA: We met with the
20 Greater Springfield Visitors Bureau who have been
21 thinking a lot about -- and they represent a lot of the
22 big businesses in the region, the tourists or tourism
23 business, hotels, Six Flags or whatever. They have been
24 thinking a lot about what kind of MOU they could enter into
25 with casinos for the region relative to cross promotion

1 and marketing.

2 They have talked a lot about that amongst
3 themselves as to that approach. They have done a lot of
4 work and it is something that this Commission needs to
5 understand and appreciate. Do you want to say something
6 else about them or --

7 COMMISSIONER STEBBINS: A little bit more
8 about the visitor bureau, kind of the MOU that put it out.
9 They want potential casino developers to respond. I
10 think they've got about a three-month window in which they
11 are going to entertain responses. Then we thought we
12 might have them in here to share with the rest of the
13 Commission kind of the process they went through but also
14 some of the feedback.

15 We met with the Economic Development
16 Council, which a private-sector organization consisting
17 of business leaders from up and down in three counties that
18 follow the Connecticut River, Franklin, Hampshire and
19 Hampden. They were raising with us kind of the broader
20 regional impact issues that a community might not be
21 mindful of. Increased traffic what does that do to a
22 certain exit on the Mass. Turnpike versus another exit.
23 And kind of mitigating some of those again issues that are
24 beyond just the host community and immediate surrounding
25 communities. They offered their group to kind of step up

1 and begin to gather some of that preliminary information
2 for our discussion.

3 We met with the Quaboag Hills Chamber of
4 Commerce, which is in Palmer. We met with the executive
5 director and some members of their board to answer some
6 of the questions that really was more about the licensing
7 process for a casino, which has been proposed for Palmer.

8 And we also met with Square One, which is
9 an early childhood education daycare facility. They are
10 mindful -- Again, more as it relates to workforce. If
11 somebody gets a job in a casino, what amenities are
12 available for them if they happen to be a single parent.
13 Because they are 24/7 operations, they have a late shift,
14 what services might be available to them.

15 It is tough to ask somebody, here's a job
16 go take it but what do I do for care for my child. It was
17 good to kind of hear their thoughts on it. We suggested
18 to them to be in touch with kind of their statewide
19 umbrellas to begin to help think about these issues
20 regardless of where a casino may open up.

21 CHAIRMAN CROSBY: We have now expanded our
22 focus to both daycare and billboards.

23 COMMISSIONER ZUNIGA: They bring up the
24 point, which is not a bad one that daycare is for a lot
25 of people, single moms, a workforce development issue.

1 One that is one to consider.

2 In general, I also wanted to mention that
3 it was very helpful in all of these conversations to start
4 framing the approach of this Commission, which is
5 something we will need to do relative to communications
6 and outreach. As we are thinking about this two-phased
7 process, at least in between these two phases there will
8 be a local approval, that is something that people are
9 generally interested in because they start to really
10 understand where their efforts fit in.

11 That is always helpful. So, the more that
12 we can do about this is going to be more helpful.

13 COMMISSIONER STEBBINS: It was a great
14 opportunity for them to hear more about what the
15 Commission is doing, because for some folk around the
16 table --

17 COMMISSIONER ZUNIGA: They don't come to
18 our meetings.

19 COMMISSIONER STEBBINS: -- they are not
20 watching us streaming. It was a good day.

21 CHAIRMAN CROSBY: Anything else on item
22 eight? Item nine, research agenda? I don't think we
23 really have anything to --

24 COMMISSIONER STEBBINS: My hope is to kind
25 of pull together a memo about Section 70 of the bill, which

1 really talks about research.

2 Again, it is pretty defined in the law as
3 well as pretty broad. I think after our event on
4 Thursday, we will have some good recommendations as to
5 where we should begin to think about some baseline
6 research, not only for our use now but for future use in
7 setting the research agenda for the years ahead.

8 CHAIRMAN CROSBY: Section 70 is it?

9 COMMISSIONER STEBBINS: Section 70 or 71,
10 I can't remember.

11 CHAIRMAN CROSBY: Any other business?
12 Motion to adjourn?

13 COMMISSIONER MCHUGH: So moved.

14 CHAIRMAN CROSBY: Second?

15 COMMISSIONER ZUNIGA: Second.

16 CHAIRMAN CROSBY: All in favor? I.

17 COMMISSIONER ZUNIGA: I.

18 COMMISSIONER STEBBINS: I.

19 COMMISSIONER MCHUGH: I.

20 COMMISSIONER CAMERON: I.

21 CHAIRMAN CROSBY: All opposed? Okay.

22

23 (Meeting adjourned at 3:26 p.m.)

24

25

1 ATTACHMENTS:

2

3 Attachment 1, Agenda

4 Attachment 2, 6/11/2012 memorandum regarding Racing

5 Developmental Trust issues

6 Attachment 3, 6/11/2012 memorandum regarding Topics for

7 Discussion: Research Agenda and Technical Assistance to

8 Cities & Towns

9 Attachment 4, Budget for Economic Impact Forum,

10 Mitigation Forum and Compulsive Gambling Forum

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18 SPEAKERS:

19 Elaine Driscoll, Communications Director

20 Gray Holmes, CFO, Office of Consumer Affairs

21 Kathy O'Toole, gaming consultant

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C E R T I F I C A T E

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

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

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

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

//Laurie J. Jordan// Date: June 13, 2012

Court Reporter for Office Solutions Plus, LLC

My commission expires: May 11, 2018

//Elizabeth Tice// Date: June 13, 2012

Elizabeth Tice, President, Office Solutions Plus, LLC

My commission expires: August 26, 2016