

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

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 26, 2012, 1:00 p.m.

OFFICE OF THE DIVISION OF INSURANCE

First Floor, Hearing Room E

1000 Washington Street

Boston, Massachusetts

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

JUNE 26, 2012

PROCEEDINGS:

CHAIRMAN CROSBY: I am calling our meeting to order of the Massachusetts Gaming Commission on June 26. I think we did review the minutes for June 19.

COMMISSIONER MCHUGH: No, we haven't. Those are a work in progress. They will be distributed shortly and we will approve them next week, Mr. Chairman.

CHAIRMAN CROSBY: Administration, executive search update, Commissioner Zuniga, where are we?

COMMISSIONER ZUNIGA: Thank you. We are in the process of interviewing the four firms that we selected for interviews -- the four firms that responded on the executive search firm. We are halfway through that process. We anticipate that the last two interviews are scheduled for tomorrow.

We fully anticipate that I will be coming back to this Commission with a recommendation by the next meeting. After tomorrow, I will finalize my memo and recommendations and will be coming again for approval.

There are a couple of questions that I wanted to pose that started just to come up relative to the next steps that I think we should at least think about.

1 One of them has to do with the interface and the profile  
2 of the executive director for this position. How is that  
3 director going to interface with this Commission?

4 Clearly, I've explained that as per the statute this  
5 Commission hires and that executive director serves at the  
6 pleasure of this Commission.

7           But these questions have come in the context  
8 of how the organization is going to be structured, which  
9 I know our consultants are also working on that. So, it  
10 is a little bit timely that we start thinking about it.

11           Also, a couple of other notions, one of  
12 them, for example, we have said that we want the gaming  
13 experience on the individual. But we probably need to  
14 clarify as to whether experience in the regulatory arena  
15 as opposed to industry is what we really mean or whether  
16 it is irrespective of where that experience may come from.

17           Another provocative question we have had  
18 was will we be looking for a leader or a manager or a  
19 combination? These are good things to start thinking  
20 about relative to the upcoming search. I just kind of  
21 pose them as an update.

22           I also want to have us start thinking about  
23 the next step in the process. Who among us will be project  
24 managing the executive search firm? I don't want it to  
25 be just assumed that it would be me because I was given

1 this task of conducting the procurement. So, I also  
2 wanted to bring that up as a topic for discussion. We can  
3 take it now or not. I just wanted to give those --

4           CHAIRMAN CROSBY: I have a little bit  
5 instinct that this is so important that we want to make  
6 sure that by the end of the day next Tuesday that we are  
7 moving forward. We have our choice and we authorize them  
8 to get going.

9           Maybe it is worth spending a little time bit  
10 of time now on some of those issues certainly to see if  
11 there is any significant decision-making, just to go  
12 through them.

13           I am not sure what you meant by how we want  
14 to relate -- the first issue you put out there, the  
15 organizational structure and how we relate to the person.

16           I think certainly from my standpoint, we're  
17 looking for a very strong CEO of the Gaming Commission.  
18 I very much see myself as Chair of the Commission not as  
19 anything remotely close to a part of the executive  
20 leadership of the entity. So, very broad management  
21 skills.

22           We are going to talk about the Bureau. I  
23 think our preliminary conviction is that everybody in the  
24 Agency except the Commission and Commission's direct  
25 staff like Janice would report to the person.

1                   I think presumptively we would want clearly  
2 want regulatory experience. We are talking about  
3 somebody who knows how to run a gaming regulatory agency.  
4 That is the most critical variable that there is. There  
5 can be exceptions. If there is some homerun person, we  
6 can think about it. But as to parameters, I would say that  
7 is absolutely a presumptive precondition.

8                   COMMISSIONER CAMERON: I can speak to that  
9 also. I think in wording it, I think sometimes what is  
10 helpful so you are not precluding other candidates is to  
11 say that regulatory gaming experience preferred. That  
12 way, candidates understand it is preferred. And if  
13 someone still thought they could come to the top without  
14 that experience, certainly we take a look. I think if you  
15 say preferred you do not preclude other candidates but yet  
16 you are letting it be known that that is the preference.

17                   As far as your question about a leadership  
18 or a manager, certainly this would be the leader of the  
19 organization as far as management of all those folks. Now  
20 I think the best leaders, certainly they inspire. They  
21 get others to follow, but they also have great management  
22 skills. So, in many ways I think it is not either/or. It  
23 is a leader that possesses management skills. I think  
24 that is the way I would look at that in those two questions  
25 that you posed.

1                   COMMISSIONER MCHUGH: I agree with that as  
2 well. As part of whatever the search firm does going to  
3 be put together a challenge document or job description  
4 or something that we all get a chance to talk about before  
5 the actual posting occurs?

6                   COMMISSIONER ZUNIGA: Absolutely. And  
7 that is what I perhaps was alluding to. At least the two  
8 firms that we interviewed -- actually everybody in their  
9 responses articulated an initial period of fine-tuning  
10 the job description and the profile of the individual.  
11 Because that is really the immediate step after we make  
12 a selection, and because we all need to move efficiently,  
13 these are some of the questions that started to come up  
14 that I figured it is important to start considering.

15                   Just affirmation that the gaming regulatory  
16 piece is preferred but of course there are many factors  
17 and aspects to any kinds of these types of positions.

18                   I also wanted to go back to the next steps  
19 for this Commission. I mentioned I did not want to assume  
20 that I would be the one project managing this process.  
21 Perhaps this is an opportunity to go back to an initial  
22 assumption that Commissioner Stebbins would be part of  
23 that or whether we have made any additional thoughts as  
24 to whether one of us or I would continue doing this  
25 process. I wanted to make sure that what my task was in

1 conducting this procurement, which will soon come to a  
2 conclusion with the recommendation would be picked up  
3 quickly when that happened.

4           COMMISSIONER STEBBINS: I am more than  
5 happy to become back involved in this part of it either  
6 as one member of the Commission or with another  
7 Commissioner's help, but to kind of keep moving the  
8 process along.

9           The question about -- I just want to pick  
10 up on what Commissioner Cameron said. We are in a sense  
11 looking for a leader. We are not having somebody who is  
12 stepping into an existing organization. We are having  
13 somebody step in who has got to help build the  
14 organization.

15           I certainly see staff development as a key  
16 piece of that. I think in some of the outreach we've done  
17 and the people we have talked to about initial positions,  
18 there's a lot of talent there. There's a lot of talent  
19 that again hasn't had experience in the gaming industry  
20 or even the regulatory side of it, but certainly some  
21 people who I think can be nurtured along as we kind of  
22 refine positions, change positions.

23           Somebody who might be a jack of three or four  
24 trades suddenly falls into the category of one position  
25 or series of responsibilities. I think having a leader

1 who can kind of pick those skills out, just not manage a  
2 process but help us build process, help us build a team.  
3 So, that leadership quality is key, I think, as we go  
4 forward.

5                   CHAIRMAN CROSBY: I'm not sure that there  
6 really is a distinction here, but I think in a way we have  
7 a lot of leaders. We have a lot of people who have had  
8 very senior leadership positions, almost all of us really.  
9 In a way, if this is a meaningful distinction, we need a  
10 really great manager first and foremost, almost really a  
11 super project manager at a high end who understands the  
12 regulatory business and who understands the gaming  
13 business and really knows how to make the trains run on  
14 time.

15                   It's a really good systems person, a really  
16 good performance review systems type person who really  
17 knows how to -- I think that to the extent you have to ere  
18 one side or the other, we don't need spiritual leadership.  
19 We don't need teambuilding. There's a lot of stuff that  
20 we got a lot of people that know how to do it. Our  
21 presence, there is going to be the five of us still  
22 floating around.

23                   I really think we want a very, very capable,  
24 professional trained, experienced manager. By  
25 definition they'll probably end up having leadership



1 skills but that's my instinct for what it's worth.

2 COMMISSIONER STEBBINS: We had our  
3 consultant pull together kind of an initial job  
4 description for us to probably build off of and work on  
5 as we proceed to the next step. It is certainly something  
6 that would involve everybody's buy-in and sign-off before  
7 we go to the next step of posting the position.

8 CHAIRMAN CROSBY: As far as who ends up  
9 project managing, what does that mean exactly? Once you  
10 make the decision, who do you define what needs to be done?

11 COMMISSIONER ZUNIGA: Just to state the  
12 most basic of who would sign the contracts with them and  
13 would be the point person for the day-to-day for either  
14 the reporting, scheduling, etc.

15 In the case of our consultants, you, Mr.  
16 Chairman are that person. I just want to give that a  
17 thought as we go forward. Again, I would be more than  
18 happy to do that myself, if that's assumed, but I just  
19 wanted to bring that up. It is a good way to involve  
20 another Commissioner and comply with all of the open  
21 meeting rules. I think it is worthy of considering  
22 because it's such a meaningful search.

23 COMMISSIONER MCHUGH: I think that for this  
24 one, this is our most important hire to date certainly and  
25 probably will be the most important hire we make. And we

1 ought to deal with this in the more formal route of  
2 creating a subcommittee to work on this.

3           CHAIRMAN CROSBY: That requires public  
4 meetings?

5           COMMISSIONER MCHUGH: It does. But they  
6 can be in executive session for the preliminaries and  
7 records are kept and a whole series of formalities that  
8 I think we ought to deal through. I will try to outline  
9 those for us for next week after consultation with our  
10 attorneys.

11           Preliminarily consulted with them and they  
12 are of the same opinion. So, I will prepare an outline  
13 and move forward with that to recommend that next week.

14           COMMISSIONER CAMERON: I just have some  
15 concerns about that route. I think that candidates -- I  
16 think one way we may be able to manage this is to have an  
17 advisory group assist us with this.

18           I think that the candidates we'll be looking  
19 at all have other jobs and would be very concerned that  
20 that information would be out to the public. I really  
21 have a concern about us not having the strongest  
22 candidates in the mix if we handle the entire process that  
23 way. I really have a concern about that. And I think we  
24 should consider it.

25           COMMISSIONER MCHUGH: The process does not

1 envision everybody being out in the public until you get  
2 to the finalists. The one or two finalists who emerge  
3 from the pack are the only ones who will be out in front.

4           There are a number of other formalities to  
5 follow through and to go through. And the interviewing  
6 process are done and can be done without having people  
7 exposed to the public view until the finalists emerge.

8           CHAIRMAN CROSBY: So for us, if we could set  
9 up a subcommittee but still in order that we have the  
10 record-keeping that is required by public meetings and so  
11 forth, but we could also have that subcommittee be the  
12 initial screening group that could do preliminary  
13 interviews and those would not have to be public  
14 interviews?

15           COMMISSIONER MCHUGH: Right. I need to  
16 work through the details of that, but that is the basic  
17 protocol and basic approach to follow.

18           COMMISSIONER CAMERON: It was my  
19 understanding and in interviewing a couple of these search  
20 firms, they look at their responsibility as all of the  
21 initial screening and all that initial work. It would be  
22 their responsibility to bring a couple of finalists to the  
23 Commission.

24           COMMISSIONER MCHUGH: One can structure it  
25 in a number of different ways. Certainly, the search

1 firm's responsibility is to go out and beat the bushes to  
2 get the pool of the most highly qualified candidates. And  
3 one can ask them to bring back X-number of people to  
4 interview.

5           The ones that I have been involved in, they  
6 have brought back -- in one case, they brought back 10 that  
7 in that case, the full search committee interviewed. One  
8 can do it in a variety of different ways.

9           But the ultimate point is that until you get  
10 to the finalists for the Commission's decision, whether  
11 it is done by the search firm or by a subcommittee or some  
12 other way, only the finalists are the ones that appear in  
13 a public session. We can manage it that way. And I think  
14 we ought to do this one with the formalities that attend  
15 this kind of a search.

16           CHAIRMAN CROSBY: The history of the UMass  
17 search that went off the tracks is one that people will  
18 remember that and be looking at us to be sure that we are  
19 -- The issues would be the confidentiality, the issue that  
20 Commissioner Cameron is raising, and speed. I think  
21 those are the two things we care about.

22           If we can do the more formal process without  
23 compromising those two things, I think that is the way to  
24 go. Let's hold this until you can put together a plan.

25           I do think if there is going to be a

1 subcommittee, formal or informal that is going to do a  
2 preliminary screening -- usually as a search committee,  
3 the search firm brings people back to the search  
4 committee. And the search committee interviews some  
5 number of people and that gets whittled down to finalists.  
6 Whether we are going to have a search committee that plays  
7 that role or not, we haven't figured that out yet.

8 COMMISSIONER MCHUGH: That's what I was  
9 talking about the subcommittee's role being.

10 CHAIRMAN CROSBY: Commissioner Cameron was  
11 saying do we really want to do that?

12 COMMISSIONER MCHUGH: I understand that.

13 COMMISSIONER CAMERON: I had a question.  
14 So, you are talking about folks who are not Commissioners?  
15 You are talking about an advisory group?

16 COMMISSIONER MCHUGH: No, I was talking  
17 about a subcommittee of the Commission. It could include  
18 people outside of the Commission too.

19 A subcommittee has a certain of formality  
20 and certain trappings of formality that it has to follow.  
21 It is the UMass search that I had in mind. I'd be happy  
22 as part of this package to circulate to you the letter that  
23 happened in the wake of that just so we can see what the  
24 steps would be helpful to take.

25 CHAIRMAN CROSBY: This is one that -- You



1 was posing.

2                   CHAIRMAN CROSBY: I half think that maybe  
3 should be the Chair, but I'm open to discussion on that  
4 for sure.

5                   Additional hires, we now have three in the  
6 pipeline, I think. We are right down to final drug  
7 testing, I think. We are hopefully within minutes or  
8 days, hours away from being able to announce a director  
9 of administrative services, a receptionist, an executive  
10 assistant, all three. But we are not quite there. We  
11 have agreed not to make any public until everything is  
12 finished. That is coming quickly.

13                   Anything on the discussion of internal  
14 policies?

15                   COMMISSIONER ZUNIGA: The update since  
16 last week, Commissioner McHugh has given me some good and  
17 a number of comments on the draft that I put together. We  
18 were looking to sit down and go through them perhaps as  
19 early as tomorrow.

20                   COMMISSIONER MCHUGH: Yes.

21                   COMMISSIONER ZUNIGA: We are moving along  
22 on making good progress on that employee handbook.

23                   COMMISSIONER MCHUGH: We hope to have that  
24 done in the very near future.

25                   CHAIRMAN CROSBY: Great.

1                   COMMISSIONER MCHUGH: One other internal  
2 policy that we should think about, particularly in light  
3 of next week, is that under the open meeting law one can  
4 have absentee participation. There are three criteria --  
5 five criteria, I think criteria that permits somebody who  
6 is not present to participate in the Commission meetings.

7                   There are various requirements we have to  
8 follow in order to do that. Number one being that the  
9 participant's voice has to be audible, which is a pretty  
10 fundamental requirement. In order to do that we all have  
11 to -- the Commission has to vote to allow absentee  
12 participation. We do that as a one-time matter. Then if  
13 the criteria for absentee participation exists, one of  
14 which a Commission member being at some geographical  
15 distance that would make it impossible for him or her to  
16 attend, then presiding officer at the hearing simply says  
17 that that is the case and you move forward with the  
18 absentee participating by telephone.

19                   In order to set the stage for that and have  
20 in place the foundation we need to do that when and if the  
21 occasion arises, I move that the Commission authorize the  
22 Commission, ourselves, to allow absentee participation  
23 under the criteria that the open meeting law permits.

24                   CHAIRMAN CROSBY: Second?

25                   COMMISSIONER ZUNIGA: Second.



1                   CHAIRMAN CROSBY: Any further discussion?

2 All in favor, I.

3                   COMMISSIONER ZUNIGA: I.

4                   COMMISSIONER STEBBINS: I.

5                   COMMISSIONER CAMERON: I.

6                   COMMISSIONER MCHUGH: I.

7                   COMMISSIONER STEBBINS: Just a quick  
8 question, do we have the capacity to do that in this room?

9                   MS. REILLY: Yes, right here.

10                  CHAIRMAN CROSBY: I will not be here.

11 Actually, our meeting is going to be Monday, right?

12                  MS. REILLY: Our meeting is Monday.

13                  CHAIRMAN CROSBY: So, for anybody who is a  
14 regular watcher because Tuesday is the day before July 4,  
15 we are moving our meeting to Monday at this location, same  
16 time Monday one to four. That would be July 2.

17                  I will not be here. I will be calling in.  
18 I am mandated to chair, but I can designate another chair.  
19 I think since I'm not going to be physically present, I  
20 think I would like to designate Commissioner McHugh, the  
21 secretary, to be the chair of that meeting, if that's okay  
22 with you.

23                  COMMISSIONER MCHUGH: All right.

24                  CHAIRMAN CROSBY: We have a ton of meat this  
25 day. So, let's get to it. Racing division status

1 report, etc.?

2                   COMMISSIONER CAMERON: Just a few updates.  
3 We have put a financial oversight plan in place where there  
4 are approvals at management level of the DPL and  
5 recommendations for me to make final approvals. We  
6 talked through that process. And we are comfortable with  
7 that approval process for paying the bills, the  
8 expenditures.

9                   Secondly, we are continuing to work on an  
10 ISA for fiscal year '13. Just a couple of legal issues  
11 that we are working out there to make sure we are  
12 proceeding in a smart manner.

13                   CHAIRMAN CROSBY: This is for the transfer  
14 of the monies back and forth, the general operations?

15                   COMMISSIONER CAMERON: The general  
16 operations, exactly right. At the end of June, the new  
17 fiscal year will take place in July, so we are working on  
18 that. That will be done before the end of the year.

19                   Thirdly, I did hold the Gaming Commission's  
20 racing division's first meeting/hearing last Thursday, in  
21 which we took care of some routine track matters.

22                   And there were three appeals of which I  
23 presided over. And I will have recommendations for the  
24 full Commission at next week's meeting. We are preparing  
25 determinations this week and I will have recommendations

1 next week on those three matters. That is all I have to  
2 report, Mr. Chair.

3 CHAIRMAN CROSBY: Have you rescheduled our  
4 field trips yet?

5 COMMISSIONER CAMERON: We have not. The  
6 Chief of Staff is in charge of field trips. And we have  
7 not scheduled at this point. We will be doing so.

8 CHAIRMAN CROSBY: Just don't do it while  
9 I'm on vacation.

10 MS. REILLY: I know.

11 CHAIRMAN CROSBY: Project work plan,  
12 first is the ongoing notice of proposed rulemaking. We  
13 have invited the public to comment on the regulations that  
14 we will be issuing about the first phase of the RFA, the  
15 request for applications. Even as we are drafting  
16 regulations for the request for applications, we are  
17 asking the public and participants to comment on that.  
18 Anything going on?

19 COMMISSIONER MCHUGH: We have had two  
20 comments thus far, Mr. Chairman, both helpful, from  
21 individuals who are not part of the industry.

22 The period for commentary remains open for  
23 another couple of weeks. We very much look forward to  
24 receiving additional comments. Comments are on the  
25 concept that a high-level is the bifurcated process a good

1 process? What things should we keep in mind and think  
2 about as we move forward with the rulemaking to implement  
3 it? So, the public is invited to make comments and we look  
4 forward to receiving them.

5 CHAIRMAN CROSBY: Great. Consultant  
6 status report, gentlemen? Just introduce yourselves to  
7 our audience.

8 MR. MICHAEL: Guy Michael, Michael &  
9 Carroll.

10 MR. CARROLL: Bob Carroll, Michael &  
11 Carroll.

12 MR. MICHAEL: Thank you for inviting us to  
13 report on our various activities. I guess the first order  
14 of business would be to report to you on what we have been  
15 working on and how far we have come in some of these various  
16 areas.

17 Over the course of the last week, we have  
18 delivered a number of different documents to you, some  
19 memoranda that we will be discussing later on in our  
20 presentation here. We have also been meeting with both  
21 members of the Commission and various agencies to discuss  
22 memoranda of understanding that may need to be or will need  
23 to be engaged in between different agencies.

24 We have talked about table of organization  
25 issues and are in the process of drafting tables of

1 organization options for the Commission.

2           And discussed timelines for the application  
3 processing and the investigation under what we are now  
4 calling the phase one process, RFA phase one.

5           There are some new initiatives that we also  
6 have taken on this week. We are defining basically what  
7 needs to be covered in the memoranda of understanding. In  
8 some cases, there indeed may not need to be as many  
9 memoranda of understanding as we maybe we originally had  
10 thought, which is a good thing. That procedures are in  
11 place, pre-existing procedures that can be utilized as the  
12 Commission begins its work.

13           We have met with those various agencies with  
14 which the agency would be engaged, with the Attorney  
15 General's office, with State Police, with the ABCC, the  
16 Alcohol Beverage Control Commission.

17           We continue to work on a number of other  
18 matters. We are completing the application forms in  
19 general, but the multijurisdictional forms, discussing  
20 whether that would be adopted in whole or in part, in what  
21 particular ways and the Massachusetts supplemental that  
22 would accompany that.

23           It is fairly typical for jurisdictions to  
24 use those standard forms. But in every jurisdiction  
25 there are modifications based on the unique needs and the

1 aspects of the legislation in that jurisdiction.

2           We are finalizing our timeline. We will  
3 discuss that a little bit further on the RFA phase one  
4 process. When we expect the regulations can be  
5 considered by the Commission and can be promulgated for  
6 public consideration and then ultimately adopted.

7           And our main thrust over the past week or  
8 so has been the drafting of the regulations themselves.  
9 We are hopeful as to discussing the timeline to get those  
10 to you very promptly. We are continuing to work with the  
11 Anderson and Kreiger firm, the Massachusetts law firm, to  
12 integrate the Massachusetts -- I shouldn't say peculiar  
13 -- the Massachusetts specific aspects of procedure into  
14 the more generalized gaming standards. We actually met  
15 with them an hour ago.

16           So we will continue to work on those areas,  
17 and any others, obviously, that the Commission chooses to  
18 give to us. We have our hands full and we are very hopeful  
19 that we will be able to meet the time standards that I think  
20 Bob is going to discuss them in a minute and go through  
21 the various timelines.

22           CHAIRMAN CROSBY: Great.

23           MR. CARROLL: Thank you.

24           CHAIRMAN CROSBY: This is one of the memos,  
25 right?

1 MR. CARROLL: The June 18, 2012. I should  
2 note --

3 CHAIRMAN CROSBY: Proposed RFA phase one  
4 timeline.

5 MR. CARROLL: -- as Guy has indicated, we  
6 have focused our efforts on researching and preparing  
7 regulations that the Commission will need in order to  
8 commence and implement the request for applications  
9 process with an almost exclusive focus now on the phase  
10 one aspect. That as we have publicly announced is one for  
11 the prequalification of potential applicants.

12 As part of that, we have been asked by the  
13 Commission to produce a projected timeline consistent  
14 with what we know our experience is in the industry and  
15 also trying to fill in the various nuances of  
16 Massachusetts law as it relates to regulation creation.  
17 In the memo that we provided here, we have made certain  
18 assumptions and so forth, but we believe we have covered  
19 the various areas.

20 CHAIRMAN CROSBY: Excuse me one second. I  
21 see a perplexed look on one of the media's faces. Just  
22 make sure we agree that all of the memoranda that came from  
23 the consultant were ones we could give to the press.  
24 Somebody just make sure that Mark has it. Did you find  
25 it? Okay. Sorry.

1                   MR. CARROLL: No problem. We have some  
2 flexibility built into this. Obviously, time is  
3 critically important to the process. We've made  
4 substantial effort trying to maintain the responsibility  
5 to make sure that there is adequate time for input from  
6 all of the respective sources and persons and entities of  
7 interest but also to allow for adequate review.

8                   As part of it in the memorandum you will  
9 notice it was our intention to get a set of draft  
10 regulations that are specific to the RFP phase one process  
11 by July 10. That may be pushed a day either way, but that  
12 is our intention.

13                   That would be essentially a set of working  
14 and operational regulations that would be needed for the  
15 Commission to move into the pipeline, so to speak, for both  
16 public consideration, local government consideration and  
17 for the Commission itself in complying with the statutory  
18 requirements.

19                   As you note in the chart, there are  
20 different steps that are mandated by Massachusetts law in  
21 terms of notice and input. They are self-explanatory.

22                   What we tried to do is pick backwards,  
23 adding the different time periods together and picking a  
24 time in the fall that if everything went perfect, which  
25 it rarely does, but giving ourselves reasonable amount of



1 time to get with our accelerators to the floor, so to  
2 speak, we looked at October as to actually publishing the  
3 regulations in the register, providing all of the various  
4 inputs and processes have been followed.

5           Working back from that and trying to meet  
6 all of the statutory and the legal requirements, we put  
7 together these different dates. I can just highlight a  
8 couple of areas that I think would be important.

9           Obviously, the commencement of the drafts.  
10 By draft, what we have done is we have culled through some  
11 different jurisdictions in terms of regulations that are  
12 standardized to a certain degree in the industry and  
13 further refined them to comply with the nuances of the  
14 Massachusetts statute.

15           That draft will always be subject to a fair  
16 amount of change. The core elements will all be there,  
17 but some of the nuances will await Commission review and  
18 suggestions, obviously the public as well as Anderson and  
19 Kreiger, the firm that provides legal input, and in fact  
20 other agencies.

21           As Guy mentioned before, we met today with  
22 the Attorney General's office and the State Police and the  
23 ABCC. And they gave us some valuable input that will also  
24 be used in preparation for these regulations.

25           Our expectation is to be able to deliver to

1 you a package of essentially practical operational  
2 regulations to be able to commence the process.

3           As you will notice in here, there is also  
4 a notice to the local government advisory committee.  
5 Again, there is projected dates in there. Then there  
6 would be a public hearing, obviously. Public notice and  
7 filing of responses and input and so forth and then  
8 obviously contact with the Secretary of State.

9           If all goes well and everything is agreed  
10 upon going forward and the Commission is satisfied with  
11 the regulations, then obviously there would be a  
12 publication, another opportunity for public hearing and  
13 a finalization for written comments. Then the Commission  
14 will have the opportunity to give a final evaluation for  
15 approval. Thereafter publication, which right now we are  
16 projecting is roughly October 12, 2012.

17           What would that mean? That would mean that  
18 at that point in time, we would have a set of basic  
19 fundamental regulations that we believe would be  
20 necessary that should have been vetted by all of the  
21 affected agencies, would be compliant with the statute as  
22 we understand it, and would enable the Commission then to  
23 move towards the issuance of the request for applications.  
24 That is the objective. Frankly, that is what we have been  
25 concentrating on. Any questions or comments?

1 MR. MICHAEL: It might be important to  
2 underline also what these regulations will not include as  
3 much as what they will. These are, as we said, the phase  
4 one. Phase one is the regulations will cover generally  
5 are the -- as far as the administrative aspects of the  
6 Commission's operation, and then the application process,  
7 the investigation process and the hearing process.

8 CHAIRMAN CROSBY: This is phase one?

9 MR. MICHAEL: Phase one, only applications  
10 on the integrity aspects and background of the applicants.  
11 It will not include anything regarding the evaluation of  
12 the project itself, the entire project. It will not  
13 involve employee licensing. It will not involve vendor  
14 licensing nor will it involve the operational controls  
15 that are necessary for the casino operation itself.  
16 Those will not be necessary at this stage. So, we are  
17 focusing on only that which would be required for the phase  
18 one vetting process.

19 CHAIRMAN CROSBY: Is there a window between  
20 October 12 when the regs. are published and the release  
21 of the RFA? What is the target?

22 MR. CARROLL: I guess the one variable  
23 might be the compact in process for July 31 and there is  
24 an October deadline in there also for that one region. In  
25 terms of issuance, once the regulations are published, no,

1 then the Commission could announce.

2 CHAIRMAN CROSBY: Because we are working on  
3 the disclosure forms in parallel, right?

4 MR. CARROLL: So, theoretically,  
5 mid-October is both the publication of the regs. which the  
6 participants care about and the release of the RFA.

7 MR. MICHAEL: That is correct.

8 CHAIRMAN CROSBY: All going well that will  
9 be when the applications can be submitted.

10 It looks to me like one of the major  
11 variables here is whether we submit the regs. for review  
12 to the local government advisory council when they are  
13 still preliminary as opposed to the final. How does that  
14 decision get made? Can we do that? Is there an issue  
15 there? How does that decision get made?

16 MR. CARROLL: Anderson and Kreiger has  
17 advised us and are advising us in the process of the  
18 regulation approval process. I believe that is something  
19 that will probably have to wait until we get the final  
20 draft of the regulations together to submit to you all.

21 It would seem that the Commission could make  
22 that decision but there are certain requirements in terms  
23 of the notice. Off the top of my head, I don't recall  
24 specifically whether they would have to go out in draft  
25 form.

1           But I know there was discussion that there  
2 would be input sought from the local governments at the  
3 earliest possible stage, if that is in draft. It  
4 certainly would be before you make any final decision or  
5 anything like that.

6           MR. MICHAEL: As I understand what Anderson  
7 and Kreiger have told us, is that there are two options.  
8 We do not have to do that in order to continue the process.  
9 But if we don't do that then we have to later give them  
10 the regulations and the opportunity to review them in  
11 which case we might be delayed at that point. So, to give  
12 the draft initially may expedite the process.

13           COMMISSIONER MCHUGH: If I could just pick  
14 up on what Guy said. The real difference is when we get  
15 these regulations on the 10th, the schedule has built into  
16 it about a two-week process, a little bit more, three  
17 weeks, for us to review them. This is just in their draft  
18 form. This is not the public hearing. This isn't  
19 anything.

20           It is for us to review them and decide that  
21 they are not final necessarily because we have to go  
22 through the process of public hearings and the like. But  
23 we are satisfied now that the draft is complete enough.  
24 It has got enough finality to it that we are prepared to  
25 go forward and put these out for public comment. The

1 first step in putting them out for public comment is  
2 sending them to the local government advisory committee.

3           We have an option and that's what these two  
4 boxes on the bottom of the page one indicate. We have an  
5 option to send them to the local government advisory  
6 committee before we are finished the process of our own  
7 internal vetting and thinking or waiting until we are  
8 finished doing that. That is entirely up to us.

9           It does not change the overall timeline.  
10 It simply gives -- if we submit preliminary drafts to the  
11 local government advisory committee, it gives them a  
12 little bit longer time to work on them. But they still  
13 have three weeks, I believe, to work on them in any event.  
14 I have a view when the time comes as to what we ought to  
15 do on that one.

16           CHAIRMAN CROSBY: Oh, I misunderstood.

17           MR. CARROLL: The process will be dynamic  
18 also. There is going to be exchanges and so will require  
19 adjustments.

20           CHAIRMAN CROSBY: Either way, I thought  
21 this was a mistake. Either option still gets us to  
22 October 12?

23           COMMISSIONER MCHUGH: Exactly.

24           CHAIRMAN CROSBY: I guess you are  
25 overseeing -- It is contingent upon efficient review and

1 editing process, which I guess means us, which probably  
2 means Commissioner McHugh.

3 COMMISSIONER MCHUGH: It means I will act  
4 as a gateway and tee these things up. But it means that  
5 we all have to be involved in the process. And I will lay  
6 out a plan to do that.

7 Yes, it gives us about three weeks to take  
8 the handiwork of our consultants, look at it, understand  
9 it, have some dialogue with them and then get it ready for  
10 the LGAC, the local government advisory committee, by in  
11 my view the 31st of July.

12 CHAIRMAN CROSBY: Good. I misunderstood.  
13 Thank you.

14 MR. MICHAEL: One of the other areas that  
15 we covered on memoranda was the revenue sources. Do you  
16 want to do that one at this point?

17 CHAIRMAN CROSBY: Yes.

18 MR. MICHAEL: You had asked us to identify  
19 those sources --

20 COMMISSIONER MCHUGH: Before we start that  
21 for a second, could I just talk about two other aspects  
22 of this?

23 CHAIRMAN CROSBY: Sure.

24 COMMISSIONER MCHUGH: The other part of  
25 this that is important to keep in mind, the other variable

1 is when we have the public hearing. In order to meet the  
2 final deadline, we have to have it no later than September  
3 7. We can have it earlier depending on the other  
4 timelines, but that is the next big deadline that we have  
5 to face.

6 So, the first deadline is July 31 to get it  
7 no later than that to the local government advisory  
8 committee. Then the month of August, we still have some  
9 time to work through it but we have to have the public  
10 hearing that is really the opportunity for the public to  
11 make their final comment, their final input. We will  
12 solicit that in a variety of ways and have a formal  
13 hearing. That has got to be done on that date to keep this  
14 process moving forward. So, that is the next key date we  
15 have to keep in mind.

16 MR. MICHAEL: And if I understand  
17 it, one of the triggers of that is you have to hit the  
18 publication dates of the register. So that if you miss  
19 one, you are delayed two weeks.

20 COMMISSIONER MCHUGH: Right. So, you miss  
21 it by a few days and you could be delayed a couple of weeks.  
22 That is why that date is so critical. Okay. Sorry.

23 CHAIRMAN CROSBY: Great. Thank you.

24 MR. MICHAEL: Revenue source, as I said,  
25 you had asked us to identify the sources of revenue for



1 both the Commission and other related areas that the Act  
2 contemplates. We provided you with a chart that  
3 identifies those very summarily.

4           Although it is kind of self-explanatory, I  
5 will review it as an overview. Section 94 of the Act is  
6 the one that provides the Commission with its start-up  
7 finances. It comes out of the Commonwealth Stabilization  
8 Fund. It is \$15 million. \$20 million ultimately has to  
9 be paid back the Community Stabilization Fund because  
10 there was another \$5 million that was devoted to the  
11 Attorney General's office. So, when the Commission  
12 receives sufficient funding --

13           CHAIRMAN CROSBY: The Governor's office.

14           MR. MICHAEL: -- the Governor's office.  
15 So, when the Commission receives sufficient funding that  
16 money has to be returned.

17           The Commission then gets its continuing  
18 operations funding from a series of fees. One, the  
19 initial application fee which for each applicant for a  
20 casino license is \$400,000, the slot machine fees, which  
21 is \$600 a machine. Then the fees that are assessed for  
22 the investigations into violations which is specific  
23 language in the Act.

24           It is not fees that are assessed for the  
25 investigations of the backgrounds of the applicant. It

1 appears to be only the fees that are assessed for violation  
2 investigations and those will not be until operations  
3 begin quite a ways down the road.

4           Employee license fees are another source of  
5 the revenue and vendor license fees. If those  
6 combinations of funds do not pay for your entire operation  
7 then you are authorized to assess the casino licensee for  
8 whatever is not compensated.

9           With regard to the gaming revenue fund,  
10 which is a fund that is devoted to a whole series of  
11 different separate funds, which are delineated here in the  
12 chart, but I don't think need to be recited today. The  
13 category one and two renewal fees go into that fund and  
14 the tax on casino gross revenues goes into that fund.  
15 That is going to be the major source of the revenue there.

16           All penalties for violations will go into  
17 that fund. Prizes, jackpots that are won by individuals  
18 in the casino that are not claimed for more than year will  
19 then escheat that fund. And any prizes won by minors that  
20 you identify and catch.

21           CHAIRMAN CROSBY: Prizes won by  
22 Commissioners.

23           MR. MICHAEL: By Commissioners, that may  
24 cause other problems.

25           That is the source of the gaming revenue

1 fund. As I say, that gets divided up. Category two, the  
2 revenue tax is 40 percent. Category one, the revenue tax  
3 is 25 percent. All of those, as I said, those taxes go  
4 into the variety of 12 different other funds at various  
5 percentages that are defined by the statute.

6           There's also a gaming licensing fund. Into  
7 this fund go all category one and two licensing fees except  
8 the initial application fee. So, the initial \$400,000  
9 initial application fees go directly to the gaming control  
10 fund. The other fees which are the large amounts the \$80  
11 million and \$40 million, I guess, they go into the gaming  
12 licensing fund and again divided up at various percentages  
13 to nine other funds.

14           The gaming licensing fund expires on  
15 December 31, 2015. So, presumably then we can talk later  
16 on that that would not pose any kind of -- we can deal with  
17 that end date in other ways if it becomes an issue. At  
18 this point, those are the funds that is the revenue you  
19 would receive.

20           There are also with regard to racing, a  
21 racing development oversight fund that goes to fund racing  
22 operations. We have identified the series of sources of  
23 revenue for that fund. Most of it license fees, portion  
24 of the daily pari-mutuel, unclaimed winnings. Again,  
25 annual assessments, portions of the horseracing simulcast

1 wagers and portions of the greyhound racing simulcast  
2 wagers.

3           An additional racehorse development fund is  
4 created by the statute. That fund will distribute the  
5 monies to each licensee per the recommendation of the  
6 horseracing committee. That is funded by a percentage of  
7 wagers on simulcasting.

8           There is a local aid fund to support  
9 municipalities where the racetracks are located.  
10 Percentages from pari-mutuel wagers at each racetrack go  
11 into that fund. There is a running horse capital  
12 improvement and promotional trust fund that support  
13 tracks for capital improvements and marketing efforts at  
14 the tracks that a percent of simulcast wagers go in to fund  
15 that particular purpose.

16           There is a harness horse capital  
17 improvement and promotional trust fund that supports  
18 horseracing and capital improvements of those tracks.  
19 Again, a percentage of the simulcast wagers will be  
20 devoted to that.

21           Finally, a racing stabilization fund that  
22 is intended to ease the impact on the band of live dog  
23 racing. And a percentage of simulcast wagers will go in  
24 to that fund as well.

25           There are any number -- not any number.

1 There is some number of funds that have to be accounted  
2 for and the Commission is charged with the regulatory  
3 authority to make sure that all of the appropriate and  
4 proper accounting for those is done and distributed and  
5 enough has been retained for their own operations. If  
6 there are any questions about that that is the revenue.

7 CHAIRMAN CROSBY: Does anyone know, does  
8 the \$5 million annual appropriation that we talked about,  
9 Commissioner Stebbins and I, that goes to the public  
10 health trust fund?

11 MR. MICHAEL: Yes.

12 CHAIRMAN CROSBY: That is in addition to  
13 this apparently?

14 MR. MICHAEL: Yes, it is.

15 CHAIRMAN CROSBY: So, the public health  
16 trust fund gets five percent from the gaming revenue fund  
17 and \$5 million?

18 MR. MICHAEL Right.

19 CHAIRMAN CROSBY: There is a phrase that is  
20 used sometimes in looking at economics of the gaming that  
21 talks about the effective tax rate. You've got the formal  
22 tax rate, which for us is 25 percent and 40 or 49 percent.  
23 But the effective tax rate, I assume, calculates in some  
24 formula or another the capital initial one-time license  
25 fee, other things like this appropriation for the public

1 health trust fund, etc.

2                   Is there a formula that can tell us what the  
3 effective tax rate of this legislation is?

4                   MR. MICHAEL: It is something we could look  
5 into. We couldn't tell you right now.

6                   CHAIRMAN CROSBY: You know what I am  
7 talking about?

8                   MR. MICHAEL: Yes.

9                   MR. CARROLL: Yes.

10                  CHAIRMAN CROSBY: I have seen it referred  
11 to in a number of documents. The industry is going to be  
12 looking at this. The 25 percent is fine. It sounds kind  
13 of a little on the low side, but there is all of these other  
14 things. What is the effective rate? That would be  
15 something helpful to understand if we were looking at it  
16 through the same prism that the industry would use.

17                  COMMISSIONER STEBBINS: Usually, you find  
18 those combined with any local assessments on a licensee  
19 is requested or required to pay?

20                  MR. MICHAEL: You mean the effective tax  
21 rates?

22                  COMMISSIONER STEBBINS: Yes.

23                  MR. MICHAEL: Yes.

24                  COMMISSIONER MCHUGH: That would include  
25 property taxes.

1                   COMMISSIONER STEBBINS: I don't know if it  
2 would just include property taxes, property taxes, any  
3 mitigation agreements that they have with the host  
4 communities.

5                   MR. MICHAEL: The question for guidance in  
6 researching this would there be one standard that would  
7 apply to all or wouldn't that effective tax rate depend  
8 on the nature of the investment and the size of the  
9 development?

10                  COMMISSIONER ZUNIGA: That was going to be  
11 my point. There is a denominator piece in here, which is  
12 just that the capital investment. So, the upfront fee  
13 plus however many percentage taxes on revenues really has  
14 to be evaluated respective to the capital investment.

15                  Because we only have floors right now. We  
16 don't have however many dollars operators will invest, it  
17 is only a proxy. So \$500 million is the minimum  
18 investment for a type one. Like we are required like it  
19 says up here of \$85 million, which is the licensing fee  
20 of \$400,000 application and 25 percent on the revenues,  
21 you bundle all of that together, divide by the minimum  
22 capital investment and you get an effective tax rate of  
23 27 or 28. But it depends on the size of the investment.

24                  COMMISSIONER MCHUGH: Why does it depend on  
25 the size of the investment as opposed to the size of the

1 investment plus the revenues? The percentage figures are  
2 percentage of revenues.

3 COMMISSIONER ZUNIGA: Right.

4 COMMISSIONER MCHUGH: So, how can you  
5 calculate an effective tax rate until you know what the  
6 revenues are?

7 COMMISSIONER ZUNIGA: Perhaps what we  
8 really mean is the size of the revenues -- the size of the  
9 operations, whatever the operations in whole dollars are  
10 going to kick in -- we know that the State gets 25 percent.  
11 What about the \$85 million? What do we divide that into?

12 COMMISSIONER MCHUGH: I understand that.  
13 My question is can you calculate an effective tax rate  
14 until you know what the revenues are in addition to the  
15 capital investment?

16 COMMISSIONER ZUNIGA: I guess there is an  
17 assumption that there is a correlation between the revenue  
18 sizes and the capital investment. That is the proxy.

19 COMMISSIONER MCHUGH: An assumed?

20 COMMISSIONER ZUNIGA: Yes. There is an  
21 assumed projections.

22 MR. CARROLL: Basic projections.

23 COMMISSIONER CAMERON: I had a question.

24 CHAIRMAN CROSBY: Excuse me.

25 MR. MICHAEL: I think there would be



1 variables. I suppose there is someone we could work with  
2 could come up with an approximate effective tax rate. But  
3 it would have to be approximate. Because as you say, even  
4 if it is a projection of potential revenue would depend  
5 on the size of the project. And we don't know the size  
6 of projects people are proposing.

7 CHAIRMAN CROSBY: I don't understand why  
8 it's a -- \$85 million, you have to figure out what to divide  
9 -- You probably divide your \$85 million by 15 because it  
10 is a 15-year license. So, whatever that turns into, 85  
11 divided by 15 is six or something, \$6 million a year. So,  
12 your effective tax rate is 25 percent plus \$6 million a  
13 year. That you cannot convert to a percent until you know  
14 revenues.

15 MR. MICHAEL: Right.

16 CHAIRMAN CROSBY: So, you could say at  
17 revenue level X, your tax rate is Y.

18 MR. CARROLL: But even that will vary  
19 because your \$500 million is a floor for your capital  
20 investment. You may end up with a \$750 million  
21 investment.

22 CHAIRMAN CROSBY: I don't think the capital  
23 investment has anything to do with the effective tax rate.

24 MR. CARROLL: It would be divided -- If you  
25 are breaking it down on an annual basis in terms of your

1 total investment, if the applicant is looking at it and  
2 saying what is this going to cost me for the period of  
3 operation of 15 years? A capital investment is relevant  
4 to that.

5 CHAIRMAN CROSBY: That's looking at your  
6 return on investment, but not your tax rate.

7 Anyway, just so as long as you can give us  
8 some kind of a tool. Maybe what it is is just a tool that  
9 we can adapt as proposals are coming in. I think it would  
10 be something useful.

11 We have this issue of this possible annual  
12 assessment to cover excess expenses. That is an open  
13 issue. We don't know what that is. We don't know if it  
14 is anything. But I think we need to understand a little  
15 bit where in the continuum of tax rates we are sort of  
16 against the industry standards. And I don't quite know  
17 how to convert that yet.

18 Anything else?

19 COMMISSIONER CAMERON: Yes. I have one  
20 question about many of these monies are coming in at later  
21 dates after operations begin and whatnot.

22 CHAIRMAN CROSBY: Right.

23 COMMISSIONER CAMERON: I know you are not  
24 an accountant --

25 COMMISSIONER CAMERON: You are correct.

1                   COMMISSIONER CAMERON:  -- did you have a  
2 chance to look at the monies coming in and assess if there  
3 will be enough?  Is there a cash flow issue?  Do you  
4 anticipate having annual assessment to cover expenses?

5                   MR. MICHAEL:  There will likely be an  
6 assessment, but we couldn't really give you an estimate  
7 on that until we know what the Commission's budget is.  We  
8 haven't really gotten to the point of establishing what  
9 the Commission's actual budget will be to know enough to  
10 give you an opinion today about whether it be the extent  
11 of an assessment or whether or not an assessment is going  
12 to be necessary.

13                  COMMISSIONER CAMERON:  That will really  
14 depend on how many people we hire and what timeframe we  
15 hire them?

16                  MR. MICHAEL:  Right.

17                  MR. CARROLL:  Right.

18                  COMMISSIONER ZUNIGA:  Just on that point,  
19 I am working on a draft budget as we speak and hope to get  
20 something in an order of magnitude very soon for the next  
21 fiscal year.  Of course, the moving pieces relative to the  
22 hires, even additional space for the Commission is a  
23 variable there and we will just have to make some  
24 assumptions.  That is also in the works from my  
25 perspective.

1 MR. MICHAEL: Anything else on the  
2 revenues?

3 CHAIRMAN CROSBY: No, thank you.

4 MR. MICHAEL: One of the other areas that  
5 you have asked us to discuss is what we colloquial call  
6 the scope of licensing. What this means is it is one thing  
7 to say that has to file for investigation and review. But  
8 the meat of that is to determine who is the applicant.

9 During gaming parlance that is called the  
10 identification of the qualifiers. A casino company is  
11 evaluated on the basis of the people and entities that give  
12 that company its direction and control. So, in a variety  
13 of aspects, the Commission will be required to determine  
14 who and what are those people who are giving this  
15 particular applicant company its direction and control.

16 You will not get -- It would be unique if  
17 you received an application from just one company that had  
18 just one set of ownership and a couple of people running  
19 it.

20 Typically, you get a subsidiary of an  
21 intermediary company that is in turn owned by another  
22 intermediary company that is in turn owned by a holding  
23 company that can go on into a flowering tree.

24 So, the evaluation that the Commission has  
25 to make is how far up the tree you want to climb. Those

1 are not necessarily -- they are objective, but they're not  
2 necessarily standardized kind of determinations that can  
3 be made. You have to evaluate each table of organization  
4 as it comes in on its own merits and determine who will  
5 among those varieties of people and organizations are the  
6 ones you really want to focus in evaluating the integrity  
7 of the operation that is being proposed before you.

8           There are generalized standards that are  
9 used throughout the industry. The regulations that we  
10 are drafting and the ones we will propose to you will  
11 include those generalized standards. Typically, it is  
12 the officers, directors and controlling shareholders of  
13 the applicant company, its intermediary and holding  
14 companies.

15           Those are not all that difficult to  
16 determine and evaluate. There are nuance questions about  
17 some directors. If they are outside directors of a remote  
18 holding company whether or not you want to include them.  
19 For the most part you can make some fairly clear  
20 delineation team decisions with regard to those.

21           The application form will request all of  
22 those people. At some point, either if the applicant  
23 wants not to have to file on some of those people, they  
24 will request conferences or file a petition with you and  
25 seek to either have a waiver executed that avoids that

1 person from filing, or informally discuss it and have  
2 either the deputy director or the executive director with  
3 ultimately the Commission making the determination as to  
4 whether or not someone is in sufficient control and in a  
5 sufficient position of influence that they need to be  
6 someone that you need to look at.

7           The problems arise most often in areas of  
8 shareholders and investors. The financing of the entity  
9 can be very complex where there is a variety of mortgage  
10 holders and institutional investors and other forms of  
11 investing mechanisms. And the documents that form the  
12 basis of those loans or equity investments need to be  
13 evaluated to determine if in fact they provide enough  
14 control on the part of the investors to warrant their being  
15 investigated.

16           A lot of the investors that you will find  
17 we think, if it is typical of other jurisdictions are used  
18 to this. And they provide in their documentation phrases  
19 that avoid their needing to be qualified. They are kind  
20 of standard lock phrases in these documents that can be  
21 used to prevent, kind of put a dividing wall between the  
22 investor and the operation of the casino itself that will  
23 allow gaming agencies to make their own discretionary  
24 determination on whether or not it is necessary to look  
25 into all of these investors.

1           The standards for that we will provide in  
2 the rules and regulations. They will not be specific  
3 standards because again the decisions are made on a  
4 case-by-case basis.

5           As I say, the regulations when we propose  
6 them we can talk about this in more detail, but the  
7 generalized format for it will be the application will  
8 submit all of this information. And then the applicant  
9 will either seek or not seek to have certain people  
10 excluded from the process.

11           The question has arisen in the course our  
12 discussions about whether or not we can proceed or you can  
13 proceed with the investigation while we are still  
14 evaluating whether or not everyone who should have filed  
15 has filed. There are different ways to look at this, and  
16 it will be ultimately up to you.

17           But it is common that the investigation does  
18 proceed on those people that it is clear are qualifiers.  
19 If there are people who we are debating over whether or  
20 not their filing is necessary, their backgrounds will just  
21 have to await that final determination. But it would slow  
22 down the process probably unnecessarily if we waited until  
23 every issue was decided about the global necessity for all  
24 of the applications to be in before we started anybody.

25           That's essentially the scope of licensing

1 as we contemplated. We will put more meat on that  
2 obviously in the regulations themselves.

3 COMMISSIONER MCHUGH: On the point that you  
4 made last there, I think it would be helpful as you draft  
5 the regulations to know the Commission's position on that.  
6 The question is as the memo suggests whether if there is  
7 a question about some qualifier, some potential qualifier  
8 somewhere in that flowering tree that was discussed  
9 whether you wait and resolve -- request whether the  
10 Commission waits and resolves whether that qualifier has  
11 to file the information that is required before any  
12 qualifiers can be investigated. Or whether if there is  
13 dispute over the necessity for one or more people to file,  
14 the application can be filed and the investigation can go  
15 forward with respect to the people who have filed their  
16 disclosures and as to whom there is no doubt.

17 It seems to me as was suggested that  
18 allowing the process to move forward would be helpful.  
19 And have the need for the other people to file an  
20 application and disclosures await the outcome of our  
21 deliberations but not delay the overall progress of the  
22 investigation.

23 So, I think if we are of like mind that would  
24 be a helpful thing to tell our consultants so that the  
25 regulations can be drafted with that procedure in mind.



1                   COMMISSIONER ZUNIGA: I would agree with  
2 that notion that starting the process of evaluation of  
3 those qualifiers who are clearly so would be helpful  
4 because there will be a resource or capacity constraint  
5 in the ability of this Commission to really perform all  
6 of those investigations or commission them or contract  
7 with a third party. Maybe it is all the above. But I  
8 would agree with the notion of this starting the process  
9 while some other qualifiers may show up later on.

10                   COMMISSIONER STEBBINS: I would agree with  
11 that.

12                   COMMISSIONER CAMERON: That makes sense.  
13 It is common practice?

14                   MR. MICHAEL: Yes.

15                   MR. CARROLL: Yes.

16                   CHAIRMAN CROSBY: I lost my train of  
17 thought. Something else came up as you were talking about  
18 this. It was a question I meant to ask. I know it is on  
19 everybody's mind somewhere, but it is not noted on here.  
20 And we don't want to lose track of it.

21                   We are mandated to put out the RFA for the  
22 slots parlor before we put out an RFA for the -- whether  
23 that is an hour or a day or a week or how we factor that  
24 into our schedule, just to make sure we don't lose track  
25 of that somewhere.

1 MR. MICHAEL: You're right. Yes. At your  
2 direction the timing would be as you think worthwhile.

3 CHAIRMAN CROSBY: Does it just mean a  
4 moment in time or does it mean a week?

5 COMMISSIONER CAMERON: I wouldn't think  
6 so.

7 COMMISSIONER MCHUGH: At this stage, we are  
8 looking for the qualifications and we are not looking for  
9 the final application. It seems to me we have got more  
10 flexibility at this stage than we do when we get to the  
11 substantive application stage.

12 So, I think we can satisfy the statute --  
13 My thought is we could satisfy the statute by asking for  
14 all the qualifiers at the same time because we are not  
15 going to make a final decision on anybody's project until  
16 after the qualifiers have been determined. But then we  
17 have to deal with the slots parlor final application  
18 first.

19 CHAIRMAN CROSBY: I thought that -- In the  
20 statute there is only one application.

21 COMMISSIONER MCHUGH: Right.

22 CHAIRMAN CROSBY: We have broken that one  
23 application into two pieces. I thought we were  
24 construing that when they filed the application for phase  
25 one, they filed the application period. That is the end

1 of it?

2 COMMISSIONER MCHUGH: Yes.

3 CHAIRMAN CROSBY: So, the slots parlor has  
4 to file that first by some amount of time. Then when we  
5 make decisions is no longer mandated in the legislation.

6 COMMISSIONER MCHUGH: I don't think we have  
7 made a formal decision as to that. That is certainly a  
8 reasonable way to interpret the statute. But I don't  
9 think we have formally discussed that and come to a  
10 conclusion that that is so.

11 CHAIRMAN CROSBY: You think that might be  
12 debatable?

13 COMMISSIONER MCHUGH: I think it might be  
14 debatable.

15 COMMISSIONER ZUNIGA: Under that  
16 assumption that the start of the application is the start  
17 of our phase one, that looks to me like the constraint  
18 would be the publishing date of the central register for  
19 September 5. Unless it was at the same time and we  
20 interpreted that because they were both let out at the same  
21 time, the slots parlor complied with the legislation.

22 COMMISSIONER MCHUGH: The September 7 date  
23 doesn't really have anything to do with that. The  
24 September 7 date is the date for publishing -- having a  
25 public hearing on the regulations.

1                   We get all of the way to the end of the  
2 regulations. We promulgate the regulations. We publish  
3 the final regulations in the register and they become  
4 effective.

5                   Then at some point thereafter, we issue the  
6 RFA-1. And we can stagger the issuance of the RFA-1 at  
7 that point or we can -- if we conclude it is the right thing  
8 to do on the first stage, just promulgate one RFA-1.

9                   We have some time to think that through and  
10 figure that out. It does not affect the way we approach  
11 the regulations and the regulation publishing process.  
12 But it is something we need to think through.

13                   CHAIRMAN CROSBY: Right. It is pretty  
14 significant and I think we should.

15                   MR. MICHAEL: Just to reinforce that the  
16 way we are now preparing the regulations subject to your  
17 review does not distinguish between the category one and  
18 category two application process. They are the same.  
19 They are the same standards, the same process.

20                   So, it wouldn't be we would be promulgating  
21 category one and then the category two. It is the same  
22 rules.

23                   CHAIRMAN CROSBY: And the legislation  
24 seems to have the same assumptions.

25                   MR. MICHAEL: Exactly.

1                   CHAIRMAN CROSBY: Really, the only  
2 question is whether this is the date that is called for  
3 to be earlier or not. If the issuance of this RFA is the  
4 RFA in which we have to meet the requirement to issue slots  
5 first.

6                   COMMISSIONER MCHUGH: Yes. That's right.  
7 That decision point becomes relevant after we have the  
8 regulations in place after under this schedule October 12.  
9 Then we decide when the RFAs get issued. We decide it  
10 beforehand, but then we execute that decision after  
11 October 12.

12                   CHAIRMAN CROSBY: Okay. Are there  
13 circumstances where you have the same entity that one  
14 jurisdiction licenses and another jurisdiction does not?

15                   MR. MICHAEL: Absolutely.

16                   CHAIRMAN CROSBY: The multi-jurisdiction  
17 form is interpreted in different ways in different  
18 jurisdictions. What is an example of a known company, a  
19 big company that on the same set of facts can operate in  
20 one jurisdiction but not in another?

21                   MR. MICHAEL: MGM was denied a license in  
22 New Jersey. Well they withdrew, but they were objected  
23 to in New Jersey.

24                   Caesars they were denied but their owners  
25 left the company so that they could retain their license

1 in New Jersey while they were operating in Nevada and other  
2 places.

3 CHAIRMAN CROSBY: MGM at more or less the  
4 same time was permitted in operate in other places?

5 MR. MICHAEL: Yes, everywhere else.

6 COMMISSIONER CAMERON: That was based on  
7 their business practices in China?

8 MR. MICHAEL: In Macau.

9 CHAIRMAN CROSBY: Thank you.

10 MR. MICHAEL: I think there is one more.

11 MR. CARROLL: The statutory staffing, the  
12 executive director position, we sent a memo to you.

13 CHAIRMAN CROSBY: And executive director  
14 salaries.

15 MR. CARROLL: We have done an examination  
16 of some other jurisdictions that are comparable in terms  
17 of commission potential size and so forth, responsibility  
18 and also commissions that employ full-time executive  
19 directors who bear a great deal of responsibility.

20 Certainly, the jurisdictions differ first  
21 in what their commissions are required to do or are tasked  
22 to do. In turn the responsibilities of the executive  
23 director varies considerably among jurisdictions.

24 Just looking at the comparative salaries  
25 that we put forward here, it is the recommendation of the

1 consultants that through the broad responsibility that  
2 this Commission has and likewise the broad responsibility  
3 that the executive director would have both under the  
4 statute and as a practical matter as an administrative  
5 head on a day-to-day basis, it was our recommendation that  
6 the salary be set at the upper level or near the upper level  
7 of the comparatives.

8                   There is also an issue, a statutory issue  
9 that we wish to address just in terms of reporting  
10 function. The statute right now directs that there be  
11 created within the Commission an Investigation and  
12 Enforcement Bureau, which is the position of -- a subset  
13 of the Commission that is extremely important.

14                   This is the group that will be doing your  
15 investigations, will be responsible for much of the  
16 sensitive work that you will be doing, although most of  
17 the work of the Commission is deemed sensitive. This  
18 particular Bureau under the statute is to be headed by a  
19 deputy director.

20                   In turn, the statute also calls for the  
21 creation of the executive director position. The statute  
22 however has an anomaly in it and we express no opinion on  
23 it good or bad, but just simply to point out that the  
24 current chain of command for the deputy director of the  
25 IEB goes directly to the Chair.

1           The executive director, obviously in a  
2 structure that has been contemplated would be the person  
3 that would be the highest ranking non-commissioner  
4 officer in the Commission. Both for administrative  
5 purposes and in practical respects of having a person with  
6 that degree of responsibility, also having knowledge of  
7 the operations of one of the most critical elements of the  
8 Commission would suggest that there should be a line of  
9 authority between the IEB deputy director and the  
10 executive director.

11           This will obviously become a Commission  
12 decision going forward. We pointed it out to you all in  
13 terms of how drafted -- in the RFA P-1 regulations, we are  
14 obviously addressing some additional criteria that the  
15 IEB will need, because that will be the point agency that  
16 you will be referring the applications to for review.

17           And this particular reporting structure  
18 relationship between the deputy director and the  
19 executive director is something we believe would be in the  
20 best interest of the Commission to address at this early  
21 stage.

22           Likewise, in terms of reporting, we met  
23 today with the Attorney General's office and the State  
24 Police and the ABCC, just in terms of the interaction, the  
25 statutory interaction that is set forth regarding the IEB,



1 the deputy director in charge of the IEB and those other  
2 agencies, both for referral -- for example if criminal  
3 activity is disclosed or discovered, the Attorney General  
4 is assembling its casino prosecution unit. We expect  
5 that there will be a good deal of interaction between the  
6 deputy director of the IEB and that unit of the Attorney  
7 General's office. Obviously, State Police will be  
8 providing staff only to the IEB for backgrounds and  
9 investigative personnel for the Attorney General's casino  
10 prosecution unit.

11 All of that being said, the executive  
12 director who will be a person that you will rely heavily  
13 to keep you informed of the activities of the Commission  
14 and the units and the directors and so forth, it would seem  
15 to us logical to include the executive director in that  
16 chain of command.

17 Our preliminary discussions both with our  
18 legal adviser and among ourselves, the various  
19 consultants that that could be done by delegation of the  
20 authority of the Chair if the Commission decides to do it  
21 that way.

22 CHAIRMAN CROSBY: While we are on that, I  
23 have a few things. I think the issue about -- The statute  
24 takes the one deputy director who is in charge of  
25 investigations and has that deputy director report

1 directly to the Chair rather than to the executive  
2 director.

3           Just for the public, there are interesting  
4 issues involved in that. We have begun to think about it.  
5 But if anybody out there has any comment on the issue, we  
6 would be interested in hearing it.

7           I meant to ask you this in this chart. When  
8 does the IEB -- The IEB does the investigations. The IEB  
9 may delegate the investigations. We haven't figured all  
10 of that out yet. When does the IEB need to be started in  
11 order that we have the entity that can do the  
12 investigation? Where in this flowchart does that occur?

13           MR. MICHAEL: We anticipate the  
14 applications, the request for applications to go out in  
15 October and then have in so many say 60 to 90 days for  
16 applications to come in. It certainly needs to be staffed  
17 up by the beginning of the year so that there will be at  
18 least sufficient staff to be able to handle, even if they  
19 are not handling it themselves, to be able to oversee any  
20 of the third parties that are doing it on their behalf.

21           MR. CARROLL: It would be recommended at  
22 this point I think that you would consider an aggressive  
23 effort to get the deputy director who is an important  
24 person in this and needs a broad range of both  
25 investigative and regulatory experience.

1                   With that person in place would be  
2 supervising at least for the preliminary RFA-P1 phase, an  
3 amalgam of State Police personnel and perhaps if you  
4 include to bring in some third-party experience  
5 investigators who for that initial period of time would  
6 be providing the files for the investigative review and  
7 report back to that deputy director.

8                   If that position is not filled, certainly  
9 that position can be designated in the interim to head the  
10 unit. But that unit should be in place at least  
11 structurally and able to receive applications as soon as  
12 you decide to publish the request for applications.

13                   COMMISSIONER STEBBINS: Quick question  
14 with respect to some of the salaries. Obviously, the  
15 states give them different responsibilities and you  
16 recommend the high-end of the salary scale, at least for  
17 the four jurisdictions you looked at were based on the  
18 experience of the individual in each of those slots?

19                   MR. CARROLL: Probably a great deal. You  
20 have a lot of persons that are holding those positions now  
21 that have held important industry administrative  
22 positions for years. Some have been home-grown that have  
23 progressed through agencies and so forth. Some of them  
24 have moved from agency to agency.

25                   I would say the justification for that level

1 of salary is primarily driven by their experience doing  
2 exactly this function. The range of duties they would  
3 have -- Again, your Commission statutorily is given a  
4 broad, broad responsibility. We would think that that  
5 executive director in this particular Commission is going  
6 to have a lot to do and would certainly justify that. And  
7 I would think of the commissions that were referenced  
8 here, it might be more than all of them.

9 MR. MICHAEL: I would say it probably is.  
10 Not all of the executive director positions have the same  
11 responsibilities. New Jersey, for example, the  
12 executive director of the casino control commission is a  
13 purely administrative position. They have a separate  
14 agency that does all of the investigations.

15 So, some of it is a combination as Bob said  
16 of the experience of the person and the role that the  
17 person is going to be playing. Here, the role is  
18 substantial.

19 COMMISSIONER STEBBINS: We know  
20 Pennsylvania has multiple facilities. There are up to 13  
21 casinos that they have licensed. Ohio is less than that,  
22 probably more measurable with our scale. But those were  
23 the two jurisdictions that interested me the most in terms  
24 of the responsibilities for those two sites as well as how  
25 much of the salary was dependent on their years of

1 experience.

2 MR. MICHAEL: Pennsylvania also has an  
3 administrative fairly clear delineation between the  
4 investigative bureau that they have, the BIE that they  
5 call it, transposed from yours. But their bureau is  
6 intended to be more independent of the commission  
7 operation.

8 The executive director does not get  
9 involved as much in the investigative aspects of things  
10 in Pennsylvania, although he certainly has administrative  
11 jurisdiction over it. There is a director of the BIE  
12 there who would be similar to the deputy director of the  
13 IEB here. And they treat it as a little bit more  
14 delineated.

15 CHAIRMAN CROSBY: What is the difference  
16 here? What is it that the Pennsylvania executive  
17 director does that Nevada and New Jersey folks don't?

18 MR. MICHAEL: The New Jersey one, he has no  
19 role in investigation at all.

20 CHAIRMAN CROSBY: So, the whole BIE piece  
21 is not there?

22 MR. MICHAEL: Right.

23 CHAIRMAN CROSBY: What about compulsive  
24 gambling?

25 MR. MICHAEL: He would have a role in that,

1 but not in a policymaking position. Again, it would be  
2 purely administrative. The executive director is  
3 somebody who handles the human resources and finance,  
4 internal financial operations of the agency. This is in  
5 New Jersey, not a substantive policymaking position.

6 COMMISSIONER CAMERON: Actually, what you  
7 have listed here is the director of division of gaming  
8 enforcement rather than --

9 MR. MICHAEL: Then he is the director of the  
10 commission. The director of the division of gaming  
11 enforcement we listed as to be more comparable to the  
12 executive director, although probably even more  
13 responsible in some ways than the division of gaming  
14 enforcement because you have one agency as opposed to two.  
15 And your executive director is going to be both  
16 administering the agency, the singular agency, and being  
17 in charge of the investigations.

18 The director of the division of gaming  
19 enforcement has no effect, has no role in the casino  
20 control commission. So, you have one agency and your  
21 executive director is over the entire operations.

22 COMMISSIONER CAMERON: This will be the  
23 most powerful commission, from your research?

24 MR. MICHAEL: Yes.

25 COMMISSIONER CAMERON: And that does not

1 even include the racing function, which is another piece.

2 MR. CARROLL: And the lottery.

3 COMMISSIONER CAMERON: No, not the  
4 lottery, but certainly the racing. I don't know that  
5 there is another state that has combined the racing piece  
6 into the Gaming Commission.

7 MR. MICHAEL: No.

8 CHAIRMAN CROSBY: I think whether it is  
9 done by the search firm or you all, maybe it should be the  
10 search firm, but we need this laid out much more clearly.  
11 If the right salary is \$30- to \$40- to \$50,000 more than  
12 most of what we might think would be comparable, we are  
13 going to need to be able to justify that really clearly.

14 MR. CARROLL: The functions and so forth?

15 CHAIRMAN CROSBY: Right. This discussion  
16 that we have had has begun to shed some light on that. I  
17 could not get it from the memo.

18 MR. MICHAEL: Right.

19 CHAIRMAN CROSBY: It doesn't have to be a  
20 written, just almost a matrix.

21 MR. MICHAEL: What are the  
22 responsibilities compared to this.

23 CHAIRMAN CROSBY: Right.

24 COMMISSIONER MCHUGH: Are any of these  
25 salaries set by statutes or are they all individually

1 negotiated?

2 COMMISSIONER CAMERON: Ohio.

3 MR. CARROLL: Ohio is.

4 CHAIRMAN CROSBY: Ohio would be the only  
5 one. I don't think there's any other.

6 COMMISSIONER MCHUGH: That would be  
7 helpful to know as part of the matrix as to whether --

8 COMMISSIONER ZUNIGA: I have a question  
9 relative to the deputy director of IEB. I think you  
10 mentioned in the memo that there might have been a  
11 legislative intent to keep the function separate.

12 MR. MICHAEL: Right.

13 COMMISSIONER ZUNIGA: To emulate perhaps  
14 other jurisdictions where there are two separate  
15 agencies, could you speak little bit more to that effect  
16 or whether we have done or will be doing some research  
17 relative to the legislative intent?

18 MR. MICHAEL: There are a number -- Nevada  
19 for example has two agencies. New Jersey has two  
20 agencies. The idea originally certainly I can speak  
21 mostly to New Jersey, but also Nevada is to make sure there  
22 is an independence of the investigative function. That  
23 the decision-maker over a license not be the same as the  
24 person who is looking into the background of the  
25 applicant.



1                   In New Jersey, I can't believe that didn't  
2 work. The legislative scheme was such that there was a  
3 substantial and significant overlap as between the two  
4 agencies. And everything became duplicated and it was  
5 very inefficient.

6                   They have actually folded the  
7 decision-making process into the investigative agency  
8 now. So that the casino control commission only decides  
9 on casino licenses. It does not decide virtually  
10 anything else.

11                   Nevada has been able to work out their  
12 system by keeping the commission at a very small level.  
13 They have very minimal staff. Their Commissioners and  
14 the bulk of the work is done by the Nevada control board,  
15 which itself makes decisions. And those decisions can go  
16 to the Commission. And to overrule the gaming control  
17 board, it takes a unanimous vote of the Commission.  
18 Everybody has their own kind of system.

19                   But most jurisdictions handle it the way  
20 here in Massachusetts has. There is a one singular body.  
21 It avoids that overlap and that potential for duplication.  
22 Within the structure there are mechanisms to ensure that  
23 there isn't too much of a disturbance of the investigative  
24 process by those who may ultimately be deciding the  
25 license. And that's not hard to implement.

1                   We'll be talking about that. We have that  
2 kind of added in our regulations that whether you have a  
3 legal division that has hearing officers that will be  
4 making a recommendation to the full Commission, whether  
5 you have commissioners. These are all options that will  
6 be in the regulations -- whether you have administrative  
7 law judges.

8                   The investigative body will not be part of  
9 the Commission that will be ultimately making a decision  
10 about what the investigation has turned up. They will be  
11 presenting it in some format that the Commission decides  
12 will be the necessary format for an objective decision to  
13 be made.

14                   Again, that satisfies due process. It  
15 would not be any kind of a due process issue. The  
16 legislation implies that here. The IEB has its own deputy  
17 director and it conducts its investigation and it makes  
18 a recommendation to the Commission. The Commission is  
19 not the investigator. The Commission has an  
20 administrative role over the IEB, but it is not directing  
21 investigations. The IEB conducts the investigation.

22                   COMMISSIONER STEBBINS: Semantics wise, I  
23 just found it curious you have deputy director. So, who  
24 is their director? They report directly to the  
25 Commission anyways.

1                   CHAIRMAN CROSBY: It is a conundrum. You  
2 can see there are some subtleties in this issue. I think  
3 you can see what the Legislature was getting at, because  
4 it looks like every other regulatory unit structure across  
5 the country is wrestling with this same issue.

6                   It sounds like your sense of best practice  
7 is not to worry about that. It is to consolidate the  
8 administration and management of our IEB under the whole  
9 administrative structure and just reserve to the  
10 Commission the adjudicatory role?

11                   MR. MICHAEL: Right. There are some  
12 jurisdictions that have no distinction whatsoever, which  
13 is best due process. Even this distinction that you have  
14 in this Act separates you from other agencies that are less  
15 divided.

16                   CHAIRMAN CROSBY: Right. We will keep  
17 thinking about this. I am not sure -- there was also the  
18 memo about the mandated positions, June 15 statutory  
19 staffing positions. But I am not sure there is really  
20 anything to talk about other than the issue.

21                   MR. CARROLL: The executive director  
22 chooses the chief financial and accounting officer and  
23 legal.

24                   CHAIRMAN CROSBY: All determinations are  
25 subject to the approval of the Commission.

1 MR. CARROLL: Correct.

2 COMMISSIONER MCHUGH: The timing, Mr.  
3 Chairman, of the need for the head of the IEB gets back  
4 to the discussion in a way that we had last week about once  
5 we get the executive search underway, the desirability  
6 beginning in a preliminary fashion at least to look for  
7 the other positions, so that the vetting can take place  
8 and be teed up for the executive director once he or she  
9 comes on.

10 CHAIRMAN CROSBY: That is a good point. We  
11 are talking -- one or two of us are talking with one of  
12 the consultants John Bowman I think tomorrow about  
13 different organizational structures. As that starts to  
14 take shape, you have given us recommendations about what  
15 you think the priority hires are. I think within the next  
16 two or three weeks we ought to start doing that.

17 MR. CARROLL: You would actually be tooling  
18 up your investigative component probably. And presuming  
19 this current timeline would stay intact, September,  
20 October identifying the person that would be involved in  
21 investigations and having your reporting structure in  
22 place so that when that RFA goes out, you are ready to go.  
23 It is going to take some time to submit. There should be  
24 some pretty good turnarounds too. So, you will be ready  
25 to at least get the thing rolling.

1                   COMMISSIONER ZUNIGA: One last question.  
2 The four commissions or jurisdictions that you reference  
3 in the memo reference to salaries, are all of those  
4 commissions full-time commissions?

5                   MR. CARROLL: Yes.

6                   CHAIRMAN CROSBY: There is only one which  
7 is New Jersey. You only reference one commission.

8                   MR. CARROLL: Commission function, those  
9 persons are all full-time.

10                  COMMISSIONER ZUNIGA: I meant the  
11 commission, not the executive directors but the  
12 commissions.

13                  MR. MICHAEL: No.

14                  COMMISSIONER CAMERON: New Jersey.

15                  COMMISSIONER ZUNIGA: Only New Jersey has  
16 a full-time commission?

17                  MR. MICHAEL: Right.

18                  CHAIRMAN CROSBY: Right. Anything else?

19                  MR. MICHAEL: I think we are good.

20                  CHAIRMAN CROSBY: I will just say for the  
21 record and for the public, our consultant team Michael &  
22 Carroll and Spectrum and our law firm Anderson and Kreiger  
23 have been great. You guys have been helpful. You have  
24 been fast.

25                               I think we are 12 weeks into this and we are

1 starting to generate a lot of stuff. And a lot of it has  
2 to do with you and we appreciate it.

3 MR. CARROLL: Thank you for the  
4 opportunity.

5 CHAIRMAN CROSBY: I think your biggest  
6 mistake was agreeing to having a former police  
7 commissioner be the project manager but it is working.  
8 So, we really appreciate it. You are doing great work.  
9 Thank you.

10 MR. MICHAEL: I am reminded about midnight  
11 when I get her emails.

12 CHAIRMAN CROSBY: Thank you, very much.

13 MR. CARROLL: Thank you.

14 MR. MICHAEL: Thank you.

15 CHAIRMAN CROSBY: Okay, 5C is the issue of  
16 technical and other assistance to communities. Where are  
17 we? We have two things here. We have the -- We have two  
18 items, two different items. The first one is we talked  
19 after our community mitigation meeting, open meeting two  
20 weeks ago, we talked about having some kind of an advisory  
21 opinion go out to communities that begins to suggest that  
22 the timeframe that they can use to deal with developers  
23 saying to them we got to go, we got to go, we got to go.  
24 And to tell them in some constructive way what kind of help  
25 will be coming from the Commission and how.

1                   To get the conversation going based on what  
2 I have known and what we have all talked about, I did this  
3 draft. It is completely a draft. And I want to make  
4 absolutely sure anybody who sees it that the timeline is  
5 extremely in draft. I do think it is important that we  
6 figure out how to convey to the cities and towns that you  
7 don't need to be desperately under the gun. If you don't  
8 feel like you're ready to negotiate a host or surrounding  
9 community, you don't have to. There is time to do that.

10                   It is perfectly reasonable for a developer  
11 to want to get moving but it is also perfectly reasonable  
12 for a city or town or a community to say we are not ready  
13 yet. We need some help. That is one critical point that  
14 I think we need to get out. I don't think municipalities  
15 have a realistic sense of what the timeframes are.

16                   But the timeframes are purely broad brushed  
17 to give them that sense that nothing that anybody in the  
18 audience or any reporter or anybody should construe as any  
19 kind of a formal decision-making or even aspirational  
20 schedule. It just a gross rough estimate to give  
21 particularly municipalities a sense of what is going on.

22                   Having said what I eventually did, if you  
23 turn to page two of this memo where I put the schedule of  
24 the chart, I put all of the steps as basically three to  
25 six-month steps. If everything took the shortest

1 possible time and each step was a three-month step, we  
2 would be done by October 2013. If everything took six  
3 months, we would be done by November 2014. And no doubt  
4 it will be some combination thereof.

5 I think it would give cities and towns a  
6 little bit of a planning sense. I tried to explain where  
7 the execution of surrounding and host agreements would  
8 fall, which is mid-next year at the very earliest. It  
9 would be required, I should say.

10 That is what I was thinking about this. I  
11 would like to get something that we are comfortable with  
12 ready to go out to prospective host and surrounding  
13 communities as soon as we can. I'm completely open to  
14 edits, changes whatever.

15 COMMISSIONER ZUNIGA: I read this and had  
16 one thought on behalf of the surrounding communities.  
17 Because those that are prospective host communities know  
18 whether they are a host community or not. The question  
19 about whether somebody is a surrounding community seems  
20 of course less clear.

21 Essentially, if I was a surrounding  
22 community or a potentially surrounding community, I would  
23 be reading this with the notion of when do I know whether  
24 I am in fact a surrounding community or not? Where in this  
25 timeline can I get a sense as to whether we are or not?



1           I don't think that is an easy answer because  
2 there are many moving pieces, many of which were discussed  
3 in the mitigation forum. Because it is not necessarily  
4 geography, although that is a big factor, not necessarily  
5 just an abutter. It has to do with other factors like  
6 traffic and whatnot.

7           If we could at least mention something to  
8 the effect of that determination which is incumbent on  
9 this Commission --

10           CHAIRMAN CROSBY: Actually, as I  
11 understand the process, a developer will be doing the same  
12 thing relative to a surrounding community as it must do  
13 with a host community. A host community is more important  
14 in a way, but a developer will make itself the first  
15 judgment about what it thinks a surrounding community is.

16           It will go to that surrounding community or  
17 it will respond when that surrounding community comes to  
18 it and it says, yes, I consider you a surrounding  
19 community. Before I can fill out RFA-2 I need to have a  
20 signed agreement with you. So, it is on the very same  
21 timeframe.

22           COMMISSIONER MCHUGH: There is another  
23 step, Mr. Chairman.

24           CHAIRMAN CROSBY: Then it comes to us.

25           COMMISSIONER MCHUGH: There is another

1 step for the surrounding community. If the developer  
2 doesn't go to the surrounding community and the  
3 surrounding community thinks the developer should have  
4 then after it comes to us, then it would be a surrounding  
5 community can say Commission, I should have been a  
6 surrounding community. Then there is another process  
7 that kicks in.

8                   CHAIRMAN CROSBY: Right.

9                   COMMISSIONER MCHUGH: I wonder, picking up  
10 on what Commissioner Zuniga said, if two documents -- This  
11 is a terrific start. And I think this will be really  
12 helpful. I would like to make some fine-tuning things  
13 that I will send, suggestions.

14                   But I wonder if a second document that is  
15 sort of a process document wouldn't be -- or an appendix  
16 to this that would sort of be a process document that sets  
17 out the statutory criteria in a schematic fashion wouldn't  
18 be a helpful companion to this document. This is a  
19 timeline and this is the process. And you put the two  
20 together rather than trying to have one document do too  
21 much work.

22                   There have been a number of -- We have one  
23 of our own that I think needs to be simplified. It was  
24 presented by a law firm to one of the communities. Put  
25 together a schematic that would go with this and I think

1 the combination of the two would be enormously helpful.

2           COMMISSIONER STEBBINS: To pick up on that  
3 point, one of the things that the Collins Center has come  
4 back to us with is trying to do just that for us is kind  
5 of lay out kind of steps that the local community needs  
6 to take. They need to have an election within 60 days but  
7 no more than 90 days and things like that.

8           So, they might be able to help us put that  
9 piece of it together as kind of an adjoining document.

10           CHAIRMAN CROSBY: We are going to talk  
11 about the Collins Center when I am not here. If you have  
12 got something that relatively quickly you could draft that  
13 you think would have let's look at that. I was thinking  
14 I would like to get something out soon.

15           COMMISSIONER MCHUGH: I think that is  
16 right.

17           CHAIRMAN CROSBY: If something quickly can  
18 be added to this, let's do that. Also, whatever resources  
19 we end up bringing to the table to help municipalities,  
20 we could add that document like you were suggesting,  
21 Commissioner Stebbins. If it is something that can be  
22 done quickly, let's add it to this. If not, let's get this  
23 out and then have that come as a second piece.

24           COMMISSIONER MCHUGH: I think if we can  
25 pick up from some existing documents fairly quickly, a

1 rough schematic.

2                   CHAIRMAN CROSBY: I did borrow from those  
3 documents when I was doing this chart. The other thing  
4 that that I do put in here and I think I am on the right  
5 -- We have, at least I have and I think we have begun to  
6 package together the idea of an ombudsman who will have  
7 two functions. One is to serve, and we will get to this  
8 in a minute, will be the point person for the bidder, the  
9 proposers that need to work with state agencies to develop  
10 their proposal. We will have one point of contact in our  
11 office whose job it would be to facilitate that  
12 relationship. There is another document about that in  
13 here.

14                   That same person I am beginning to think and  
15 I think we talked about this would have a similar skill  
16 set to the person who is also the single point of contact  
17 for the municipalities. So, if you are municipality X and  
18 you do not know what you're doing relative to try to figure  
19 how to negotiate a host community, you call this same  
20 person. And that person says okay, I know what your  
21 problem is. I can refer you to some stuff on our website.  
22 I will put you in touch with this agency that will help  
23 and here is a series of law firms and so forth.

24                   Rather than publishing a list of eight  
25 people that says if you've got this problem call him, that

1 problem call her, cities and towns would know there is one  
2 smart briefed prepped person to call who can tell them what  
3 to do. That presumption is in here that we would get that  
4 one person. I just want to make sure we are all on the  
5 same page on that.

6 I do have two ideas of such a person. I have  
7 not talked to either one of them, but I thought if we are  
8 on this program -- I talked about this with Commissioner  
9 Zuniga. -- that we might bring such a person on as a  
10 consultant for a while.

11 We don't know whether we have a full-time  
12 job here. We know we have two needs that are beginning  
13 to build up pretty aggressively. We could bring a person  
14 on as a consultant for a while, start getting the need met  
15 and see how it works out. And then if we think ultimately  
16 there is a full-time position here, we could post such a  
17 position and hire such a person. That is kind of the way  
18 I was thinking of it at this point.

19 COMMISSIONER CAMERON: Just a couple of  
20 questions. One is is that person best suited to be  
21 employed by the Commission or another organization that  
22 maybe we fund?

23 CHAIRMAN CROSBY: The way I have seen this  
24 is that people naturally think that we are the centerpiece  
25 of this. So, they want to contact us. That is why we get

1 all of the letters and calls that we get.

2           Having us be responsible, somebody that we  
3 are really under control of in servicing bidders and  
4 servicing municipalities as well, I would feel good about  
5 having that person in our shop reporting to us.

6           That person as we discussed for a host of  
7 other reasons will not be the person who is giving the  
8 information. That person is not going to sit down in  
9 Brimfield and strategize with the town selectman for the  
10 reasons we have all discussed.

11           But that person will know where the  
12 resources are. That person will be under orders not to  
13 give anybody the runaround. We will watch that person.  
14 I would feel better about having that person who is the  
15 traffic cop, ombudsman not the service provider, the  
16 actual service provider be in our shop. That's the way  
17 I feel about it.

18           COMMISSIONER STEBBINS: As I understand  
19 it, the ombudsman would also be managing the interaction  
20 between the potential developer and the other state  
21 agencies.

22           CHAIRMAN CROSBY: Correct. They would  
23 have both relationships. The ombudsman for the  
24 developers and the ombudsman for the municipalities.

25           COMMISSIONER STEBBINS: I think it goes

1 without saying that somebody who is officially seen as  
2 part of the State Government or State Commission is going  
3 to have a better ability to interact with the state  
4 agencies than kind of a contracted third-party, to the  
5 argument of having that person in-house as opposed to not.

6                   COMMISSIONER MCHUGH: I think it is a  
7 really good idea. We talked about the desirability of  
8 doing that from the developers' side certainly and trying  
9 to smooth a path through the regulatory maze that  
10 sometimes exists for all significant development  
11 projects.

12                   The cities and towns are facing a similar  
13 kind of maze, regulatory and other. It seems to me  
14 worthwhile to have somebody doing both of those jobs and  
15 somebody located in the Commission because that's where  
16 everybody is turning.

17                   Despite the fact that we need to move and  
18 it is highly desirable to move quickly, I would like to  
19 see the job description and a process for the person. It  
20 doesn't have to be elaborate but I would like to see a job  
21 description for us and a process and then a decision. If  
22 we can get to that quickly, I think we would be well served.

23                   CHAIRMAN CROSBY: I hate it, but I agree.

24                   COMMISSIONER MCHUGH: I know. I share  
25 both of those.

1                   CHAIRMAN CROSBY:  You are right.  I will do  
2 that today.  That is a constructive suggestion.

3                   COMMISSIONER ZUNIGA:  I agree as well.  I  
4 just have one small comment relative to the timing.  That  
5 is perhaps if we could highlight the process or the  
6 drafting for the regulations phase two as part of this  
7 process.

8                   It is implied here that before April 2013.  
9 How much maybe relevant for us to at least mention because  
10 communities should be communicated that in those  
11 regulations there will be criteria for the evaluation  
12 ultimately of the proposal.  Knowing when that will be  
13 might be very worthwhile for communities.

14                  CHAIRMAN CROSBY:  Can you suggest the  
15 language?

16                  COMMISSIONER ZUNIGA:  Sure.  It would be  
17 an interim bullet here between May 2013 and October 2012,  
18 I think, because we will also be drafting regulations for  
19 phase two presumably as soon as we are done drafting  
20 regulations for phase one.  That has its own sort of  
21 process, which we were just talking about.

22                  So, as soon as those regulations, which  
23 again is before those RFA phase two sort of station begins,  
24 it starts to signal and communicate officially to  
25 communities of that evaluation process.  It's a minor --



1                   CHAIRMAN CROSBY:  What we just talked about  
2 with the consultants in RFA-1 is that basically the day  
3 the regs. are published is the day the RFA goes out.  There  
4 is no reason for there to be a timeframe between the two  
5 unless we fall behind somehow.

6                   Their assumption is that October 12 is when  
7 we would basically send out at least the slots parlor RFA.  
8 But in phase two, the same thing.  It is not meant to be  
9 a window between the final publication of the regs. and  
10 the release of the RFA.

11                   COMMISSIONER ZUNIGA:  I am not talking  
12 about the final.  I am talking about the draft or the  
13 earlier ones.  The earliest we can communicate to  
14 communities that here is a way we are seeing the criteria,  
15 then comply with all of the public comments, etc.

16                   CHAIRMAN CROSBY:  I think this might be  
17 better in the document that you are talking about, the  
18 process.

19                   COMMISSIONER MCHUGH:  I think we need to do  
20 it one way or the other, because the regulations on the  
21 second phase are going to dictate what has to be in the  
22 agreement between the town and the developer, what the  
23 vote has to consist of and those kinds of things.

24                   We need to tell people now that they have  
25 to wait for that to materialize before they can safely move

1 forward with that negotiating step. I think we can put  
2 that in the flowchart.

3 CHAIRMAN CROSBY: The process document.

4 COMMISSIONER MCHUGH: Yes, the process  
5 document.

6 CHAIRMAN CROSBY: That makes sense. So,  
7 we will do some more work on this. We will do some  
8 tweaking on this and we will probably add a process  
9 document and then we will have something to get out.

10 COMMISSIONER MCHUGH: Right, soon.

11 CHAIRMAN CROSBY: I will work on a job  
12 description and process for the ombudsman idea.

13 5E is the discussion of protocol for  
14 managing the developer/state agency relations. This is  
15 the manifestation of the conversation that Commissioner  
16 McHugh and I had with the Governor's office and several  
17 of the major secretariats.

18 We committed this to paper. They have  
19 agreed. The draft, they got back to me later today with  
20 a very slight change instead of saying two weeks response,  
21 they talked about two business days or something. They  
22 were very minor changes, which I will send around.  
23 Basically, the Governor's office is completely and the  
24 secretariats of transportation and environmental affairs  
25 and economic development are entirely in sync with this.

1                   Basically what this says is that between now  
2 and the time that a developer becomes an applicant, you  
3 became an applicant when you pay your application fee of  
4 \$400,000. Between now and then, any developer who wants  
5 to work on a project can have one meeting with as many state  
6 agencies key contact people as they want to talk about  
7 issues involved in their proposal.

8                   After they have become an applicant, they  
9 can have a many meetings with state agencies as they  
10 reasonably need. Those meetings will be coordinated by  
11 our ombudsman with a designated single point of contact  
12 at each of the various agencies.

13                   So, both pre-applicant designation and  
14 pre-selection as a licensee, all of that process they  
15 would go through us to interact with state agencies.

16                   Once they become a licensee, then they will  
17 interact directly with the state agencies on their own.  
18 We will be out of the process. It will just be trying to  
19 fast-track a development project as frequently happens  
20 with state agencies.

21                   The key distinctions here, the key policy  
22 points here are one meeting pre-becoming an applicant  
23 which is when you pay your \$400,000 fee. And two is going  
24 through an ombudsman in our office.

25                   I don't know, do we need to vote on this?



1 still an open question. They are happy to talk with us  
2 further about it. I actually thought if we could move  
3 quickly enough and get our ombudsman in place that person  
4 would be a good person to help have that the conversation  
5 to flush out the process.

6           If it is the right person, that person will  
7 know a lot about expediting processes and so forth. If  
8 that takes a little while longer, then we can continue to  
9 do that ourselves.

10           We have agreed, Commissioner McHugh and I  
11 agreed that that is an important priority to come up with  
12 a standardized, expedited permitting regulatory approval  
13 process so that once the licenses are awarded, the  
14 developers can move ASAP down the road.

15           COMMISSIONER MCHUGH: With that caveat in  
16 mind, I don't know that we need a vote if there is a  
17 consensus that this is a good approach and that this is  
18 a good document or that we have any comments to Steve about  
19 the document within a couple of days. Then we post it on  
20 the website and announce that this is what we have done  
21 and we are looking for the ombudsperson to fill this role.  
22 I think that's sufficient.

23           CHAIRMAN CROSBY: Great. I guess I had had  
24 the conversation about the Collins Center under 8C. That  
25 is the community outreach response to requests for

1 information. When we get to that you guys can do an update  
2 on that.

3 Charitable gaming, any status report?

4 COMMISSIONER MCHUGH: Yes, just very  
5 briefly Mr. Chairman and colleagues, we have posted on the  
6 website now a solicitation for public comment on  
7 charitable gaming. Anything that anybody wants to tell  
8 us about charitable gaming and how it's working, how it's  
9 not working. That was posted the other day.

10 I met with Donna Hooper, the Lexington Town  
11 Clerk who is head of the Town Clerks Association. She was  
12 very helpful, very forthcoming in her views as to a couple  
13 of things that needed tweaking, is going to talk to and  
14 send out an email to members of her organization to get  
15 their comments.

16 I have got another meeting with the Lottery  
17 scheduled for next week sometime to get their views. I  
18 have spoken to the Attorney General. We are on track I  
19 think to have a comprehensive report by the deadline with  
20 some recommendation. July 31 is the deadline.

21 July 31 we become responsible for  
22 regulating those the bazaars that are governed by Chapter  
23 271A, section 7 which are a portion of all the bazaars that  
24 are conducted in Massachusetts from time to time.

25 The rest of charitable gaming, we don't have

1 responsibility for under the statute as of July 31, but  
2 we are required to make this report by the 31st.

3           Insofar as those bazaars are concerned,  
4 there are a set of regulations in place now that the  
5 Attorney General has promulgated that in all likelihood  
6 we'll seek to leave in place until we reach a more  
7 permanent solution.

8           CHAIRMAN CROSBY: You're going to bring a  
9 proposal to us at some point?

10           COMMISSIONER MCHUGH: I will. It will be  
11 similar, I think, to the way we handled the racing  
12 commission, leaving the existing in place depending on the  
13 recommendations we make in our report to the Legislature,  
14 await further legislative changes.

15           CHAIRMAN CROSBY: Good. Item 7, finance  
16 and budget, Commissioner?

17           COMMISSIONER ZUNIGA: Yes. Just briefly,  
18 I submitted a memo for your consideration relative to  
19 establishing the threshold for approval of certain  
20 expenses, incidental expenses. This has a dual purpose  
21 to also start documenting -- continue documenting the  
22 procedures, the internal control procedures.

23           My recommendation is for incidental  
24 expenses we mirror a threshold in the public procurement  
25 procedures of \$5,000 and under which I would approve of

1 those expenditures even if they are unbudgeted. Going  
2 forward, when we establish a budget, an approval budget  
3 that I'm also working on, this threshold is less relevant  
4 because it would really be the contracting of services  
5 under whatever those thresholds maybe where approval is  
6 then the driving piece.

7                   This is partially driven by the fact that  
8 we have not approved a partial budget for this fiscal year  
9 and that is why I am submitting it.

10                   CHAIRMAN CROSBY: We probably do want a  
11 motion for this?

12                   COMMISSIONER ZUNIGA: Yes.

13                   CHAIRMAN CROSBY: Do you want to frame it?

14                   COMMISSIONER ZUNIGA: Yes. I would like  
15 to ask for approval of my recommendation here as  
16 stipulated in this memorandum to establish a threshold of  
17 certain incidental expenses under which such expenses  
18 will be approved by one Commissioner and eventually  
19 delegated to a financial officer. Such threshold is  
20 recommended to be established at \$5,000 for any particular  
21 expenditure.

22                   CHAIRMAN CROSBY: The treasurer would be  
23 the designated Commissioner?

24                   COMMISSIONER ZUNIGA: That's right.

25                   CHAIRMAN CROSBY: Second?



1 COMMISSIONER MCHUGH: Second.

2 CHAIRMAN CROSBY: Any other discussion?

3 All in favor, I.

4 COMMISSIONER ZUNIGA: I.

5 COMMISSIONER STEBBINS: I.

6 COMMISSIONER CAMERON: I.

7 COMMISSIONER MCHUGH: I.

8 CHAIRMAN CROSBY: All opposed? The I's  
9 have it. Thank you.

10 Public education information, I think we  
11 did discuss June -- No, you were not here. You were not  
12 here for the 19th, because you were at the 19th forum. Was  
13 there anything that either we or the public would be  
14 interested in on the June 19 forum that you attended?

15 COMMISSIONER CAMERON: Many of the issues  
16 were covered yesterday, many of the same issues. It is  
17 more of a working group with members of the industry.  
18 They have been working for a couple of years. Really what  
19 was discussed there were many of the same topics that we  
20 all heard about yesterday. There were a couple of  
21 tabletop exercises completed there also.

22 Just improvements to the programs already  
23 in existence in the State, additional locations for  
24 programs especially in Western Massachusetts where there  
25 is not as many treatment centers, areas where people can

1 go for treatment.

2                   Other than that, I think it was -- There were  
3 some new participants, me being one of them in that working  
4 group. I think as we all found out yesterday, there's a  
5 great model right here in this State for others to take  
6 a look at with regard to the Council. I think that would  
7 be about it as far as yesterday and the forum that I  
8 attended in Braintree on the 19th.

9                   CHAIRMAN CROSBY: Okay. The 25th, I think  
10 we were all impressed. If anyone didn't see it yesterday  
11 at North Shore Community College, we had what turned out  
12 to be a four-hour educational forum on the issues of  
13 problem gambling.

14                   The emotional part of it was two recovering  
15 gambling addicts who talked frankly about their lives. I  
16 think it once again reminded us from outside experts about  
17 the quality of the job the Legislature did writing this  
18 legislation.

19                   Everybody talks about they address this  
20 issue with dollars and organizational structure that is  
21 as well done as any place in this country. We have the  
22 resources to do research, prevention, intervention and  
23 everything under our umbrella in an organized way.

24                   I think we all walked away from that meeting  
25 with a really, really, if we didn't have it before, a

1 really heightened sensitivity that this is not kind of  
2 ancillary to our job. This is central to our job. It was  
3 well done and time well spent.

4 Anything else about that forum?

5 COMMISSIONER ZUNIGA: One takeaway that I  
6 want to underscore is this notion of establishing  
7 partnerships with the likes of the Council on Compulsive  
8 Gambling but other healthcare professionals, networks,  
9 alliances. I believe the second speaker on the second  
10 session talked a lot about partnerships and alliances, one  
11 where we really have a prominent role. That is one thing  
12 that I think we should establish early on.

13 CHAIRMAN CROSBY: Yes.

14 COMMISSIONER STEBBINS: I had three big  
15 takeaways for the meeting yesterday. One of which  
16 Commissioner Zuniga just touched on was the gentleman from  
17 Iowa talking about his roles and responsibilities. But  
18 there wasn't a clear connection that he had. It was more  
19 informal in terms of working with I guess what would be  
20 Iowa's counterpart of us. I think that is important as  
21 we go forward to have those allegiances, not just based  
22 on who the personalities at the table at the time, but more  
23 in a formal way.

24 I was impressed with the discussion about  
25 the self exclusion. I couldn't get the sense of whether

1 that seems to be the trend of the day or the process of  
2 the day for an individual to try to remove themselves from  
3 harm's way with respect to their gambling addiction. I  
4 think that could be a key piece in terms of how we look  
5 at the licenses that we award.

6           Then I think the other piece of it was the  
7 push to get the professionals who are dealing with the  
8 addiction to really identify those three issues as they  
9 begin to screen people and really pushing for that to be  
10 part of the work of the social workers and some of people  
11 out there. Dealing with people with other addiction  
12 issues to see what impact gambling falls into that.

13           Again, I don't know the level of work that  
14 these social workers do, but adding the three additional  
15 questions to their screening I think makes a lot of sense  
16 from our work but I don't know how it fits in with  
17 everything else that they are trying to do.

18           CHAIRMAN CROSBY: I can tell you from other  
19 experiences in state government that that will not be  
20 easy, because all of those people are already doing  
21 screening intakes or service treatments for addiction or  
22 drug abuse or whatever. A - they feel swamped. B -  
23 they've got strict union regs. C - people don't want to  
24 answer the questions. That is not easy.

25           Having said that, it looks like it makes all

1 of the sense in the world. That is something that we could  
2 get Secretary Bigby from DOHHS is the trustee in effect  
3 of the public health care trust. We have come up with the  
4 money, but she has more say, I think, than we do on how  
5 that money is spent.

6 I think we can have a meeting with her and  
7 John Auerbach, the head of public health and others soon  
8 to start talking about what kind of policy work would it  
9 take and negotiations would it take to get that kind of  
10 collaboration in place. I think we can start that sooner  
11 than later. I know with her I will take the lead with  
12 putting together a meeting with those folks to talk about  
13 that.

14 COMMISSIONER ZUNIGA: In that venue it  
15 would be good to at least think or map out a potential  
16 memoranda of understanding for example with those  
17 agencies, similar to what we are doing with ABCC and law  
18 enforcement. It could be less formal, but I don't think  
19 it is less relevant to really establish what approach --  
20 what we could put in regulations for one and what  
21 procedures could be monitored at the casino when they are  
22 operational.

23 COMMISSIONER MCHUGH: I agree with that and  
24 I know you are reading one of the news accounts today,  
25 apparently I am thinking along the same line. I came away

1 from that impressed by how serious and devastating a  
2 problem it is. That's not saying anything novel.

3           But how close it is the heart of what we are  
4 doing. It is worthwhile I think about having a person who  
5 is part of the Commission who has a group devoted to that.  
6 Not only to keep in the forefront importance of the issue  
7 and the problem and the energy that has to be devoted to  
8 its resolution, but also keep an eye on the kinds of things  
9 heard about from the two people, Scott and Jodi, who  
10 testified about what they had gone through and testified  
11 about what they sensed was the assistance -- They didn't  
12 try to lay off the blame. -- but the assistance they  
13 received from casinos in feeding their addiction.

14           And somebody on the inside in a regulatory  
15 body can not only be looking for ways to help the  
16 individual check the problem but also to keep an eye out  
17 for and be close to the heart of the power to deal with  
18 the kinds of practices that they at least hinted at.

19           The Pennsylvania Commission has a person  
20 who is at the high director level who is in charge of the  
21 office of problem gambling or the office of compulsive  
22 gambling for the Pennsylvania Commission. And I think at  
23 some point we ought to think about that in our organization  
24 chart.

25           CHAIRMAN CROSBY: I agree with that

1 completely. I've been champing at the bit until we get  
2 these draft organization charts from the consultants of  
3 which we are going to talk about tomorrow. And I have the  
4 same reaction.

5           If you think about it, it doesn't have to  
6 be tomorrow, but the task of trying to work out  
7 relationships with other social service agencies, that is  
8 a really the long term -- if it takes union negotiations,  
9 that is a really long-term job. And thinking out what our  
10 strategic plan is going to be? What is our compulsive  
11 gambling strategic plan going to be? How early in the  
12 game does the inoculation advertising start? Are we  
13 going to have a hotline, and on and on and on. That is  
14 a big project.

15           None of us can handle it at this point. If  
16 we had a bunch of meetings with social service agencies  
17 and we set up a task force to start working on it, we don't  
18 have anybody to go to that task force. So, I'm inclined  
19 with you I think to think about getting a director level  
20 person to head up that work sooner than later. We'll talk  
21 about these organization charts.

22           COMMISSIONER STEBBINS: It might be a  
23 position that could be funded at some point there's the  
24 \$5 million that goes in the public health trust fund.

25           CHAIRMAN CROSBY: Yes.

1                   COMMISSIONER STEBBINS: I think there are  
2 revenue options to cover that as well.

3                   COMMISSIONER CAMERON: I would agree that  
4 is an important position. I'm more convinced now after  
5 having attended a couple of sessions. I agree with you.  
6 I really want to see some organizational charts. For me,  
7 that is how I think about what the responsibilities really  
8 are and kind of plan what we need to work the areas that  
9 need the most attention. You will share that with us  
10 after you work on it tomorrow?

11                  CHAIRMAN CROSBY: Yes. They wanted to  
12 have a meeting with brainstorming very different  
13 organizations. Apparently, we don't exactly know why  
14 they want to have a pre-meeting, but for some reason they  
15 wanted to have a meeting with one or two of us first before  
16 they brought it to the public meeting. So, presumably  
17 next week we'll talk about it.

18                  COMMISSIONER CAMERON: Great.

19                  CHAIRMAN CROSBY: The thing as I mentioned  
20 at the meeting yesterday that was very troubling is this  
21 role that at least these two addicts felt that the casinos  
22 played in inducing them to do what is clearly contrary to  
23 their interests.

24                         I have worried all along about the extent  
25 to which problem gaming is central to the economic model



1 of gambling. Some of the numbers and I asked what's his  
2 name from the American Gambling Association when he was  
3 here, Frank Fahrenkopf what percent of revenues comes from  
4 problem gambling. He said that he didn't know.

5 Rachel Volberg immediately said there are  
6 lots of studies about this and it is 25 to 35 percent.  
7 Where does the rubber -- Casinos cannot afford give up 25  
8 to 35 percent of their revenues. So, how deeply committed  
9 are they going to be to really keep problem gamblers out  
10 of there. It's just a really interesting question.

11 It depends on what you consider a problem  
12 gambler and clearly the pathological cases, the Jodis and  
13 the Scotts, probably most people would believe that we  
14 ought to try to keep them -- help them protect themselves.

15 Anyway, it's just a really interesting  
16 question. I think to find that line to walk, we are going  
17 to need to be really smart and really thorough and have  
18 some really serious lead time to figure out how to do that  
19 and how to draw those lines right.

20 COMMISSIONER ZUNIGA: On a relevant topic  
21 of that, I was also struck by the notion that somebody  
22 brought up the point, actually, two different people  
23 brought up yesterday relative to it would be easier to  
24 monitor problem gambling in the context of on-line  
25 products because all of that information is data, and it

1 is virtual to be sorted or identified or put into logarithm  
2 that measures hours or whatever it is that they measure.

3           Whereas in a casino that is less clear. I  
4 see perhaps a nexus relative to what could be done in a  
5 casino floor to identify patterns or whatever it may be  
6 relative to that action, the action of really going above  
7 the mean or beyond what most of the other population does.

8           COMMISSIONER STEBBINS: One additional  
9 point, I can't remember the presenter and hopefully we get  
10 their presentations, somebody would come up with these are  
11 all of the things that were tried to try to impact problem  
12 gambling. They started off with step A, but the  
13 unintended consequences was step B. Like limit  
14 somebody's time on a slot machine, then you just start  
15 playing faster with bigger bets as your time starts to run  
16 out. That was an interesting piece of the presentation.

17           CHAIRMAN CROSBY: That is all the more  
18 reason why we need to start this early so we've got the  
19 time to really think these things through.

20           I think we know where we are on that. Item  
21 8C community outreach response to requests for  
22 information. We sort of ended up talking about -- This  
23 is kind of the same topic as technical and other assistance  
24 to communities, 5C. I'm not sure I've got this divided  
25 up right.

1                   Basically, we have decided to have two  
2 resources. One, we tentatively decided to have our own  
3 ombudsman to be sort of the traffic cop. We also decided  
4 that we could spend some money to provide resources to  
5 outside agencies who would actually do the work with  
6 cities and towns.

7                   We kicked some ideas around, got some ideas  
8 in place. One of the organizations that we would consider  
9 retaining to do that is the Collins Center for Public  
10 Management at the McCormack graduate school, which is  
11 where I used to be Dean.

12                   I've decided, I don't think it would affect  
13 my judgment, but it might and certainly it might appear  
14 that it might. I'm going to step out of the room when we  
15 have that conversation just anything having to do with who  
16 do we retain to provide these services and what do we pay  
17 them is a conversation that I do not want to be a part of.  
18 So, I am out for a few minutes while you guys give an update  
19 on that topic and I will be back.

20

21                   (Chairman Crosby exits meeting room)

22

23                   COMMISSIONER STEBBINS: Lets quickly go  
24 through this. You see in front of you a draft proposal to  
25 the Massachusetts Gaming Commission from the Collins

1 Center for Public Management UMass Boston. Initially  
2 coming on board, we had an initial conversation with the  
3 Collins Center about our overall goal of how do we support  
4 municipalities.

5           Again, we talked about a number of times  
6 that some municipalities are better staffed depending on  
7 the size the community to look at planning issues,  
8 capacity issues, have negotiating services available to  
9 them for negotiating host community.

10           So, we had an initial conversation with the  
11 Collins Center I would say back in late April. I think  
12 as this Commission began to meet and have regular business  
13 meetings and we started to get inquiries from communities  
14 across Massachusetts, especially those that are potential  
15 host communities, it begins to gel our thinking a little  
16 bit more about where we saw some opportunities to be  
17 helpful.

18           After our community mitigation forum, which  
19 some folks from the Collins Center attended last week,  
20 they sent the scope of services. A number of suggestions,  
21 obviously, as you read through this with respect to how  
22 they feel it could be helpful both to the Commission as  
23 well as to potential host communities. Documents,  
24 reports they want to begin to prepare, some ideas in terms  
25 of collecting best practices from everything related to

1 economic development, local hiring practices that other  
2 jurisdictions have used, even coming up with the best  
3 examples of host community agreements in terms of being  
4 able to pull all of this information together, be a  
5 resource and be able to make it available. Again,  
6 communities may or may not see themselves as needing the  
7 help, but again we want to put it out there that we want  
8 to be as helpful as we can.

9           I think a lot of this information, once we  
10 can finalize a scope of services, we are looking beyond  
11 not just what the Collins Center might be able to offer  
12 but to some other entities as well. Be able to couple that  
13 together, put it out in a letter and probably include it  
14 in the draft we looked at previously.

15           As you can see this initial scope does not  
16 have a price tag with it, because they have broken it out  
17 into a series of tasks. As I have look through it, looking  
18 at the state regulatory requirements, we are reaching out  
19 to a few other entities to be potential partners that may  
20 be better experienced in handling some of this work or at  
21 least able to conduct the work potentially faster than the  
22 Collins Institute.

23           I don't know if you just want to invite some  
24 feedback on the scope to see if there is anything we are  
25 missing? What I would like to do within the next week is

1 to circle back with them and give them some feedback as  
2 to the scope that they provided us, see what makes sense.

3           Again, we have a couple of other meetings  
4 coming up with some other potential partners who might be  
5 interested in attacking a piece of this work. Certainly,  
6 everybody's feedback would be greatly appreciated. If  
7 you wanted to do that now or you wanted to submit that to  
8 me, whatever works best of the rest of you.

9           COMMISSIONER MCHUGH: I have one question  
10 and then a comment. Does this proposal envision giving  
11 individual assistance to individual cities and towns? Or  
12 is it more of a series of how-to, checklists, case studies,  
13 and the like that would be posted someplace that would be  
14 a general resource for cities and towns?

15           COMMISSIONER STEBBINS: It's a good  
16 question to ask and I think it involves a little bit of  
17 clarification. I think there are some general documents  
18 they pulled together for a host community to consider.

19           When you look at potential public-service  
20 impacts, I don't get from this scope of services whether  
21 that is meant to target an individual community, whether  
22 an individual community would want to go to the Collins  
23 Center and ask for their assistance. Or whether again  
24 they produce kind of a broad informational document, kind  
25 of a checklist that a community can run through.

1                   That was a question I had with respect to  
2 that potential public-services impact how on kind of a  
3 client by client basis this work might be done.

4                   Most of it is relatively broad. A lot of  
5 it is just pulling together a lot of best practices for  
6 communities to consider and go to a public document where  
7 they could get some assistance.

8                   COMMISSIONER CAMERON: This is like the  
9 guide, I think. That is what I am reading out of this.  
10 It is a guide for the assistance that is out there. They  
11 would want to prepare this document? That is what they  
12 are proposing? Do the research?

13                   COMMISSIONER STEBBINS: Right.

14                   COMMISSIONER ZUNIGA: I had question and I  
15 know this has been discussed a little bit, how would this  
16 effort correlate with the notion of the ombudsman?

17                   COMMISSIONER CAMERON: I had the same  
18 question.

19                   COMMISSIONER ZUNIGA: Is it  
20 contemporaneous and there is some collaboration?

21                   COMMISSIONER STEBBINS: Again, that is the  
22 first bullet really under the anticipated regulatory  
23 processes. They may be looking at a broader statement.  
24 Again, I have not had the chance to sit down with them and  
25 kind of walk through the scope.

1                   They may have questions about whether it is  
2 a broad document. Here's everything you should consider  
3 as you consider this process or is it more germane to the  
4 one-on-one role that we have talked about the ombudsman  
5 having.

6                   Again, looking at this, it is kind of a  
7 starting place. I think there are some good ideas,  
8 suggestions in there. I need to circle back with them and  
9 begin to piece out. Again, we are having other  
10 conversations with other state entities that might be  
11 better experienced at tackling some of these pieces. One  
12 of those being kind of the development questions and some  
13 of the local service impacts as well.

14                   COMMISSIONER ZUNIGA: I was going to touch  
15 on that because just from a procurement standpoint, having  
16 other -- these agencies are not profit driven but coming  
17 from the angle of having different opinions or different  
18 proposals, different approaches may be very beneficial  
19 for our process and be able to scope out. I would be very  
20 interested in those additional conversations that you are  
21 talking about to put these in context.

22                   COMMISSIONER MCHUGH: That was going to be  
23 my comment too that the process for getting other  
24 proposals. They don't have to be mutually exclusive, but  
25 would be enormously helpful.



1           In terms of the ombudsman, it seems to me  
2 the ombudsman directs -- is sort of like a traffic cop.  
3 The ombudsman is really specific. The utility of this  
4 could really be or whatever proposal comes out of it could  
5 really be a series of model agreements, a series of model  
6 RFPs, a series of model whatevers that cities and towns  
7 and their attorneys could build off of. Because all of  
8 this stuff is brand-new and that would be an enormously  
9 useful service.

10           In that regard, it might well be helpful for  
11 the people submitting it, whether it is the Collins Center  
12 or others to touch base with the organizations of  
13 selectmen and others to find out what they want, because  
14 there are a number of select boards that have contacted  
15 us already and have asked for help in drafting various  
16 kinds of documents.

17           COMMISSIONER STEBBINS: Some of the work in  
18 here does look -- even when you get down to compiling best  
19 practices from other jurisdictions and how they make it  
20 work. And draft agreements is certainly something a  
21 local solicitor could look at and say this is a great  
22 document and works best for our town or it isn't. Doing  
23 a lot of that search for best practices is time consuming.

24           Again, my goal with this going forward is  
25 schedule time to sit down with the Collins Institute to

1 kind of refine the proposal, answer some of the questions.  
2 Again, if you look over this in the next day or so and have  
3 some additional questions you want me to raise, happy to  
4 do that.

5                   Again, we can have a conversation about  
6 soliciting additional inquiries who might be able to also  
7 to do the work. We also are having conversations, Enrique  
8 and I are meeting with the folks from Mass. Development  
9 to see what support they might be able to give us on a broad  
10 base or on an individual host community basis in terms of  
11 understanding impacts around development costs, size,  
12 process, etc.

13                   COMMISSIONER STEBBINS: The other piece of  
14 it, I guess we will talk about that while the Chairman is  
15 out of the room too. The research agenda, because we have  
16 received --

17                   COMMISSIONER MCHUGH: I think he can come  
18 back for that.

19                   COMMISSIONER STEBBINS: Okay.

20  
21                   (Chairman Crosby returns to meeting  
22 room)

23  
24                   CHAIRMAN CROSBY: Report from the Director  
25 of communications and outreach.

1                   COMMISSIONER MCHUGH: We hadn't hit the  
2 research agenda. You wanted to be present for that.

3                   CHAIRMAN CROSBY: That's nine. That's  
4 further down.

5                   COMMISSIONER MCHUGH: I'm sorry.

6                   MS. DRISCOLL: I will be quick.

7                   COMMISSIONER MCHUGH: That was not a hint.

8                   MS. DRISCOLL: At this point, I am still  
9 working on a lot of the things I've been reporting out on  
10 because a lot of these things are a process and also just  
11 sort of figuring out what our needs are.

12                   I have three meetings set up for the week  
13 of July 9 with various companies that I have met over the  
14 last couple weeks and spoke to in regards to how to build  
15 the brand and the website.

16                   I met with Mass.gov yesterday just in terms  
17 of what our options are in working up the website. So,  
18 I think that one of the things that is becoming  
19 increasingly apparent, even with our problem gambling  
20 forum yesterday, the memo that you created about  
21 mitigation, we need a really strong information portal so  
22 people can go and easily find information.

23                   Every day if and when the charitable gaming  
24 press release that we put out two days ago, the needs that  
25 our consultants are informing us in terms of what the

1 racing qualifications are, what the notice qualifications  
2 are, we just need a really strong site. So like I said,  
3 I discussed with Mass.gov what our options are for the  
4 site.

5 I am also meeting with three different  
6 companies the week of July 9 to hash that out a bit and  
7 to see what our options are. Obviously, there's a sense  
8 of urgency to it. So, I will move the process along as  
9 quickly as possible.

10 I just have a lot of ideas of what the needs  
11 are. I'll probably visit with each one of you before I  
12 have those meetings to get a sense of what you would like  
13 to see represented on the site as well. That is a very  
14 high priority for us right now.

15 I've got a process in place for announcing  
16 racing hearings. That actually was easy enough to put  
17 together so that the next time there is one coming up, it  
18 is just a matter of getting it out to the right people who  
19 have been identified. Just to make sure the notice runs  
20 in the Globe and Herald to meet the requirements.

21 Again, just put out the charitable gaming  
22 request for feedback this week. Again, I will just  
23 continue to follow-up on that. I continue to try to find  
24 creative places to solicit the most feedback and who those  
25 individuals are.



1 right now. Again, as I mentioned the charitable gaming  
2 press release that went out, the racing notifications that  
3 went out. Again, I think with the last three weeks of  
4 forums, I am experiencing just a clear increase in just  
5 the level of inquiries coming in, the level of media  
6 questions coming in. I am feeling a lot of momentum of  
7 interest with that.

8                   COMMISSIONER MCHUGH: That's great. I  
9 think the idea of a really robust, useful, functional  
10 website is just a great idea. It's what drives private  
11 industry, drives a lot of segments of government. It's  
12 great.

13                   MS. DRISCOLL: There is a lot of examples  
14 that is out there right now of people that are doing  
15 similar things. Like San Francisco has a project going  
16 right now to build better streets. They put this really  
17 interactive website together that has really caught my  
18 eye. I am researching those types of initiatives that  
19 other cities and states have taken on for this exact type  
20 of community engagement process. So, they are out there.  
21 It's just a matter of obviously tailoring it to our  
22 specific needs.

23                   CHAIRMAN CROSBY: Thank you. Speaking  
24 engagements, I don't think we have anything. Does  
25 anybody have any in the next week or two?

1                   Commissioner Stebbins, discussion of  
2 Western Mass forum, our next forum?

3                   COMMISSIONER STEBBINS: Sure. At our  
4 community mitigation forum that we had out in Framingham,  
5 one of the attendees is Tim Brennan, who is the executive  
6 director of the Pioneer Valley Planning Commission, kind  
7 of covering three of the four Western Massachusetts  
8 counties.

9                   He approached us and expressed an interest  
10 in helping us organize a forum out in Western Mass.  
11 primarily to discuss mitigation concerns and issues  
12 related to that.

13                  I followed up with Tim this morning talking  
14 about additional topics being workforce development,  
15 which he thought was a topic of interest. I know it is  
16 a topic of interest that was raised by Senator Candaras  
17 when you met with her as well as the tourism piece.

18                  Commissioner Zuniga and I have been out to  
19 Western Massachusetts a couple of times. Those are three  
20 of the hot topics I would say for that region at least at  
21 this point.

22                  So, Tim and I spoke. He will work on  
23 bringing together folks on the mitigation piece. I was  
24 at a meeting yesterday with the directors of all of the  
25 convention visitor bureaus from around the State. State

1 office of Travel and Tourism and the local convention  
2 visitors bureau offered to help us address that topic.

3           The workforce development issue, I think it  
4 will be timely because we know that President Messner from  
5 Holyoke Community College wanted to come back to us with  
6 kind of a refined and expanded proposal about what their  
7 plans were.

8           I think it all works out. Looking at  
9 probably mid to the end of July to get it all squared away.  
10 I did put in a call into Senator Candaras' office because  
11 I know she was interested in having it hosted at Western  
12 New England University. So, we will keep plugging along.

13           CHAIRMAN CROSBY: So, tentatively late  
14 July, early August, is that what you are thinking?

15           COMMISSIONER STEBBINS: Yes.

16           CHAIRMAN CROSBY: Good. Would it make  
17 sense or is it premature, we are constantly reading about  
18 potential sites. In the case of Suffolk Downs for  
19 example, I have passed it a million times. I have some  
20 sort of sense. It sort of helps me crystallize.

21           But the Western Mass. sites, I don't have  
22 any clue where they are, what they look like. None of them  
23 is teed up and I realize we don't have any applications.  
24 We are a long way from that.

25           Just from a purely personal way, I could



1 sort of visualize what is going on when I am reading the  
2 clips and thinking about this and people talk to us about  
3 stuff. Would it be a good idea or a bad idea or a neutral  
4 idea when we were out there if we just took an afternoon  
5 and drove around and looked at all of the locations that  
6 are being talked about? Does anybody have an interest  
7 besides me?

8                   COMMISSIONER ZUNIGA: I would be  
9 interested just to put a mental picture to what we read  
10 about. I would very interested in going to all of them  
11 to be an equal opportunity offender or whatever the case  
12 may be. That might be worthwhile when we are out there.

13                   COMMISSIONER CAMERON: Another field trip.

14                   CHAIRMAN CROSBY: Right, another field  
15 trip.

16                   COMMISSIONER MCHUGH: I don't want to  
17 assume my usual negative role, my grumpy role but I wonder  
18 if there are not some that we don't know about and some  
19 that are just beginning to percolate. And if a road trip  
20 like that might have those people feeling like they were  
21 left out.

22                   If we were going to do that and it may be  
23 a good idea after the RFA-1 came in so we had a feel for  
24 what might be a better time. Besides, the leaves will be  
25 out and we can have some apples and cider.

1                   CHAIRMAN CROSBY: He is just making that up  
2 so he doesn't seem like such a grouch.

3                   COMMISSIONER STEBBINS: I'm a little  
4 worried that I agree with the Judge on this one. I am too  
5 young to be qualified as grumpy, I don't know.

6                   COMMISSIONER ZUNIGA: I don't think anyone  
7 was suggesting that.

8                   COMMISSIONER STEBBINS: I agree. I would  
9 rather wait until there is a formal place on the schedule  
10 or a formal place in the process. I think some sites are  
11 still materializing and others may not come to fruition.  
12 We probably won't know until that RFA process takes place.

13                  CHAIRMAN CROSBY: I think that is a good way  
14 to do it. Janice if you could make a note. After the  
15 RFAs, we'll plot all of the people who have made  
16 applications.

17                  COMMISSIONER STEBBINS: I somewhat like  
18 the idea and I go back to this, I don't want the  
19 conversation that we have with the potential applicants  
20 to be at the finish line. I would like to see it somewhere  
21 injected in a formal way before that. That might be the  
22 opportunity.

23                  CHAIRMAN CROSBY: Okay. Obviously, for  
24 sure Elaine it is an opportunity when we go out in late  
25 July, early August to do serious media when we are out

1 there.

2 MS. DRISCOLL: Absolutely.

3 CHAIRMAN CROSBY: Item 9, research agenda.  
4 This we talked about maybe having a vote on a grant. We  
5 won't do that. There is a memo here that lays out in some  
6 detail what Commissioner Stebbins and I have been thinking  
7 about.

8 The long story short is that there is not  
9 very much really good research on what the socioeconomic  
10 impacts are of interjecting casino gambling, expanded  
11 gaming into a community. There's lots of different  
12 studies and snapshots and lots of retroactive looking back  
13 and so on and so forth. Almost nothing in the way of a  
14 really, really academic quality study that has a really  
15 good baseline snapshot before the introduction of the new  
16 variable.

17 And then a long-term study of what happens  
18 to the whole range of things. Compulsive gambling is  
19 clearly a big part of it. But all of the other things that  
20 we have talked about and heard talked about. Home values,  
21 domestic violence incidents, job generation, all of the  
22 various things that can be affected for good or ill by this  
23 kind of a change.

24 The Legislature has asked us -- told us to  
25 do such a study. How well thought through the idea they

1 were, I don't really know. But they have a major interest  
2 in the research component. The more Commissioner  
3 Stebbins and I talked about it and heard about it, the more  
4 we thought this is an opportunity to do something which  
5 would be very, very important for policymakers and other  
6 in folks Massachusetts, but would actually have real  
7 serious data that can be used nationwide, worldwide as  
8 gambling is becoming such an increased phenomenon across  
9 the world.

10 Our instinct is to really, at least for  
11 starters, look at this really big picture. And if it  
12 turns out it's infeasible for one reason or another, then  
13 we can pare back on priorities. With everybody's  
14 permission, we are interested in pursuing this further.

15 COMMISSIONER STEBBINS: Yes. To make a  
16 reference to the legislation, I think the Legislature in  
17 spots relative to problem gambling was pretty clear and  
18 definitive about a lot of the information they wanted to  
19 collect.

20 There is a requirement in the legislation  
21 that we have some of this initial additional research work  
22 done within two years of the passage of the bill. That  
23 would put us in November 2013. We have received kind of  
24 a proposal from University of Massachusetts Amherst  
25 School of Public Health talking about the problem gambling

1 side. As we talked about kind of repeating ourselves  
2 here, we talked about a lot of this baseline information.

3           Again, having it a good jumping off point  
4 because every year the Commission with the advice of the  
5 game policy advisory committee we are going to set up is  
6 going to come up with a research agenda for us to follow  
7 and have some great baseline information.

8           It may be tucked away in other state  
9 agencies in terms of what that baseline information is.  
10 Following the Commissioner's memo, some of the topic areas  
11 we want to develop a baseline on, I would like to share  
12 that with some of the people we had at the economic  
13 development forum in Worcester and say, does this look  
14 good? Are we missing something? Tell us what else we  
15 might include. The problem gambling piece might be  
16 worthwhile to share our suggestions that were involved in  
17 yesterday's forum.

18           CHAIRMAN CROSBY: You talked about ramping  
19 up. This study from the Canadian group under economic  
20 impact does have tourism. You were talking about maybe  
21 ramping tourism up as bigger feature of it.

22           COMMISSIONER STEBBINS: The legislation  
23 talks a lot about gaming having a positive impact on  
24 tourism. I know tourism has a person who is specifically  
25 charged with collecting data and research on their end.

1                   Looking at what some of those marks are. Is  
2 it headcount? Is it hotel/motel tax receipts? What are  
3 some of the good measurements that we need and establish  
4 that baseline.

5                   COMMISSIONER CAMERON: Would we select one  
6 region to conduct this study?

7                   COMMISSIONER STEBBINS: My thought was I  
8 think we need to take a statewide snapshot. I think once  
9 we figure out where license application are going to be  
10 awarded, we could boil down to a regional snapshot and  
11 really be able to drill down to the nitty-gritty, because  
12 I think that is -- crime statistics, unemployment  
13 statistics all can be focused down to that miniscule of  
14 a level.

15                  CHAIRMAN CROSBY: That is something we can  
16 talk to the researchers about too. We try to understand  
17 what are the research questions we are going to try to get  
18 answers to. Once we are clear on that, then we figure out  
19 what methodologies are required to get there.

20                  COMMISSIONER MCHUGH: This is a terrific  
21 idea and a great opportunity to do it. Could these  
22 researchers piggyback on any of the existing or would they  
23 plan to piggyback on any of the existing organizations  
24 that are out there? Southeast, SPREDD, however you  
25 pronounce that acronym, Southeast regional planning

1 commission for example has now in place a survey of all  
2 of the intersections in the Southeast region with respect  
3 to the a variety of factors, the traffic through them, the  
4 number of accidents per intersection, the length of time  
5 it takes to get through them at different hours of the day.

6 I suspect the regional planning commissions  
7 throughout the state has that kind of stuff. And I bet  
8 you they also would be willing to work with researchers  
9 to look for other things and to capture other data in their  
10 regions to really mobilize the capability of the  
11 researchers and us ultimately to take a very accurate  
12 snapshot of a lot of different factors.

13 COMMISSIONER STEBBINS: I couldn't agree  
14 with you more. The problem gambling piece of the research  
15 has a defined methodology and a survey instrument that  
16 they need. I would also be interested in partnering with  
17 somebody that does an assessment of all of the factual data  
18 that is out there.

19 We know we can go to the regional planning  
20 agencies for a lot of the regional information, right down  
21 to what intersections to avoid.

22 We can go hopefully the State Department of  
23 Labor to look at unemployment and can bury down in each  
24 community. Housing prices, who is going to help us take  
25 an inventory of where all of those facts and information

1 are to be able to establish that baseline and look how they  
2 move over time.

3                   COMMISSIONER ZUNIGA: Are we thinking  
4 about engaging a group for a big research project? One  
5 where it is not only the problem gambling and that baseline  
6 study, but additional aspects of what we are discussing  
7 relative to inventory of businesses that really have to  
8 deal with economic impact?

9                   Where I am going with the question is there  
10 is huge variability in terms of what data could be  
11 collected for the same purpose, which results in huge  
12 variability in terms of cost. I am thinking in terms of  
13 the first of all procuring these, but also perhaps what  
14 you were alluding to, Mr. Chairman, whether in order for  
15 us to define it, just define what we are going to do before  
16 we do that, we need to spend some money on some researchers  
17 themselves helping just essentially scope out that  
18 agenda. Is that sort of what we are discussing?

19                   CHAIRMAN CROSBY: Mostly what we were  
20 looking for right now was just to make sure that everybody  
21 is in agreement that the gist of what we are talking about  
22 here is the right way to go.

23                   If the sense is yes and I certainly get that  
24 it is, then we will do a little more work on this and tee  
25 something up and then come back to you with a specific



1 proposal on what the next step that is required. That may  
2 well be one of them.

3           Great. I realize I forgot something  
4 because I left the room for 8C. You have in your file a  
5 letter from Keiko Orrall. She has asked the towns of  
6 Lakeville, Middleborough and Berkeley want to talk to meet  
7 with us. So, the State Rep. has written us and asked us  
8 if we would meet with some towns to talk about how they  
9 look out for their interests.

10           It is the second paragraph is the main  
11 issue. It is in Southeast Mass. where everything is going  
12 to be governed by the compact. I hate to say to a State  
13 Rep. that no, you cannot bring your constituents in to meet  
14 with us.

15           So, I thought this was one that falls under  
16 this category that Commissioner McHugh has set up some  
17 request for help are going to be such that we ought to talk  
18 about them here. I'm wondering what everybody thinks  
19 about this.

20           COMMISSIONER MCHUGH: I am not sure that we  
21 can give any substantive answers to the questions that are  
22 likely to arise. On the other hand, it doesn't hurt to  
23 talk to people as long as they understand that you do not  
24 have the power at the moment to give them substantive  
25 answers. That may sound sort of frivolous, but just the

1 process of talking, seeing what's on their mind.

2           I have talked with people in Lakeville. I  
3 have talked to people in Berkeley. Their concerns are  
4 manifold. I have told them before that we do not have a  
5 lot of the answers at this point. But if it would be  
6 helpful to bring them in or even go down there and meet  
7 with a group of people. They are very active communities.  
8 It seems to me it would be a worthwhile thing to do and  
9 invite Representative Orrall to be there and go down and  
10 have a meeting with them.

11           CHAIRMAN CROSBY: If this were even a  
12 commercial site, we wouldn't have much in the way of the  
13 answers. But on this one, we have zero for answers. I  
14 think that's a good approach.

15           I think maybe I'll just call her and say I  
16 want to make sure that expectations are set right. If  
17 they are and it would still be constructive to talk then  
18 we would be happy to do that. That sets a precedent,  
19 obviously, that we could get calls from other reps. and  
20 senators. But I think that is a precedent we should be  
21 comfortable in setting as long as they understand the  
22 parameters as you said.

23           COMMISSIONER MCHUGH: It may fit into the  
24 speakers bureau kind of thing that Elaine is working on  
25 now. It may turn into something that fewer than all of



1 business, let's entertain a motion to adjourn.

2 COMMISSIONER CAMERON: I make a motion that  
3 we adjourn.

4 CHAIRMAN CROSBY: Second?

5 COMMISSIONER ZUNIGA: Second.

6 CHAIRMAN CROSBY: All in favor, I.

7 COMMISSIONER ZUNIGA: I.

8 COMMISSIONER STEBBINS: I.

9 COMMISSIONER CAMERON: I.

10 COMMISSIONER MCHUGH: I.

11 CHAIRMAN CROSBY: Thank you very much.

12

13 (Meeting adjourned at 3:58 p.m.)

14

15

16

17

18

19

20

21

22

23

24

25

1 ATTACHMENTS:

2

3 Attachment 1, Agenda

4 Attachment 2, 6/8/2012 Spectrum Memorandum regarding

5 Scope of Licensing

6 Attachment 3, 6/15/2012 Spectrum Memorandum regarding

7 Statutory Staffing Positions of the Gaming Commission

8 Attachment 4, Chart of Massachusetts Gaming Commission

9 Revenue Funding

10 Attachment 5, 6/14/2012 Spectrum Memorandum regarding

11 Executive Director Salaries

12 Attachment 6, 6/12/2012 Consultant Memorandum regarding

13 Proposed RFA Phase 1 Timeline

14 Attachment 7, Massachusetts Gaming Commission outline of

15 licensing schedule and General advice and technical

16 support to host and surrounding communities

17 Attachment 8, 6/23/2012 Memorandum regarding

18 Recommendation to Establish Threshold for Approval of

19 Certain Incidental Expenses

20 Attachment 8, 6/19/2012 letter from Representative Keiko

21 Orrall

22 Attachment 9, 6/22/2012 Memorandum regarding Research

23 Agenda

24 Attachment 10, Memorandum from University of

25 Massachusetts Amherst, School of Public Health and Health

1 Sciences regarding Baseline Study Scope and Cost  
2 Recommendations  
3 Attachment 11, Research Project Proposal for  
4 Massachusetts Gaming Commission from Collins Center for  
5 Public Management

6

7 SPEAKERS:

8 Elaine Driscoll, Communications Director

9 Robert Carroll, Michael & Carroll

10 Guy Michael, Michael & Carroll

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

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

1

2

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

6

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

10

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

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

18

19 //Laurie J. Jordan// Date: June 27, 2012

20 Court Reporter for Office Solutions Plus, LLC

21 My commission expires: May 11, 2018

22

23 //Elizabeth Tice// Date: June 27, 2012

24 Elizabeth Tice, President, Office Solutions Plus, LLC

25 My commission expires: August 26, 2016