

1 THE COMMONWEALTH OF MASSACHUSETTS
2 MASSACHUSETTS GAMING COMMISSION
3 PUBLIC MEETING #158
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6 CHAIRMAN

7 Stephen P. Crosby
8

9 COMMISSIONERS

10 Gayle Cameron

11 James F. McHugh

12 Bruce W. Stebbins

13 Enrique Zuniga
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19 July 23, 2015 10:30 a.m. - 3:45 p.m.

20 HYNES CONVENTION CENTER

21 900 Boylston Street, Room 103

22 Boston, Massachusetts
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P R O C E E D I N G S :

CHAIRMAN CROSBY: I guess we will be starting this on time. This is the 158 meeting of the Massachusetts Gaming Commission at the Hynes Auditorium on July 23. Can everybody hear all right? As usual, we will start with the approval of the minutes, Commissioner McHugh.

COMMISSIONER MCHUGH: Mr. Chairman, the minutes for the July 9 meeting are in the book. And I'd move their approval in the form they appear there with the usual reservation of rights to correct typographical and mechanical errors.

COMMISSIONER CAMERON: Second.

CHAIRMAN CROSBY: Any issues? I just had one. On the 11:26 entry, this is a detail. I don't think the 11:26 entry scans quite right. Just maybe we can check that when we go back.

COMMISSIONER MCHUGH: You mean it's wrong?

CHAIRMAN CROSBY: No. I think the

1 language is improper.

2 COMMISSIONER MCHUGH: Okay. So,
3 maybe compare that to the tape or the
4 transcript or both. Okay.

5 CHAIRMAN CROSBY: I think it's just
6 a matter of straightening out the word choice.
7 There's too many verbs or something.

8 COMMISSIONER MCHUGH: Okay.

9 CHAIRMAN CROSBY: Anything else?
10 All in favor, aye.

11 COMMISSIONER MCHUGH: Aye.

12 COMMISSIONER CAMERON: Aye.

13 COMMISSIONER ZUNIGA: Aye.

14 COMMISSIONER STEBBINS: Aye.

15 CHAIRMAN CROSBY: Opposed? The ayes
16 have it unanimously.

17 Next is item number three, Racing
18 Division, Interim Director Alex Lightbaum.

19 DR. LIGHTBAUM: Good morning,
20 Commissioners and Chairman. Suffolk Downs has
21 applied for three racing festival days August
22 8, September 5 and October 3. They are
23 planning on running the three Mass. bred races
24 a day totaling \$150,000 in purses. Four races

1 would be restricted to horses that had
2 previously started at Suffolk Downs.

3 CHAIRMAN CROSBY: Excuse me. It's
4 \$150,000 total or per day?

5 DR. LIGHTBAUM: Per day. Four races
6 would be restricted to horses that previously
7 started at Suffolk Downs with total purses per
8 day of about \$110,000. There would be up to
9 three steeplechase races with purses for each
10 race in the \$30-\$35,000 range. The rest of the
11 races would give preference to horses that
12 raced at Suffolk in 2014 providing that they
13 met the conditions of those races.

14 If they are approved for the race
15 days, Sterling Suffolk Racecourse has requested
16 a distribution of \$1.75 million from the Race
17 Horse Development Fund. This was to go into
18 the purse account per Chapter 23K section 60.
19 Chapter 10 of the Acts of 2015 allows for the
20 money in the purse account to be used for
21 administrative and horse racing operations.

22 The \$1.75 million would be used as
23 follows: \$1.2 million for purses for the three
24 days of racing, \$325,000 for the racing

1 operating expenses and future racing facility
2 development expenses and \$225,000 for the
3 NEHBPA annual operating expenses. If there is
4 no live racing this money can be escrowed for
5 three years.

6 The Acts of 2015 Chapter 10 allows
7 Suffolk Downs to continue simulcasting through
8 July 31, 2016 as long as there's a minimum of
9 one day of racing at Suffolk Downs in 2015 and
10 2016. Approving these three days would allow
11 Suffolk to continue to offer simulcasting and
12 retain some of their employees.

13 In looking at the requirements for
14 granting the license, there are several
15 criteria under 128A section 3(i). Number one
16 is financial ability. Suffolk has the
17 financial ability to operate using the money in
18 accordance with Chapter 10 of the Acts of 2015
19 for some of the operating expenses. Even with
20 that money, there will be a loss of money and
21 run a deficit which they can make up with their
22 simulcasting revenue.

23 The facility is suitable for
24 operation during the months that they are

1 planning to race and safe and convenient for
2 large number of spectators. Number three, the
3 staff they're hiring is experienced and should
4 be qualified to honestly manage racing. And
5 the increased purses should help ensure good
6 quality racing.

7 Number four, as far as having the
8 proper physical facilities for racing, Suffolk
9 has stated that they will do some carpeting and
10 maintenance on the barns to be used.

11 Number five the track surface is
12 usually very safe with a low rate of injuries.
13 With minimal time for training ahead of time on
14 the track, the Racing Division recommends that
15 Suffolk be required to get an outside track
16 expert to evaluate the surface. Normally, when
17 we open at Suffolk, there is a month, month and
18 a half of training on the surface before
19 there's actual racing. This time they'll just
20 be a day ahead of time.

21 Finally, since the track kitchen has
22 burned down, they will have a food truck for
23 the people on the backside, which is not ideal
24 to not have a kitchen but it's offset by their

1 intention to not charge for the food. The
2 dorms will be recommissioned and available for
3 use.

4 My recommendation, if the two
5 options for this year are the three-day meet or
6 no meet, I recommend the Commission approve the
7 three-day meet with the following conditions:
8 Suffolk will get an independent expert in to
9 review the track surface prior to racing.
10 Suffolk will provide a detailed budget to the
11 Commission. Every effort will be made to limit
12 the number of steeplechase races to one per
13 day.

14 After each day of racing, Suffolk
15 will report to the Commission the number and
16 percentage of recent Suffolk horsemen and
17 horses that benefited from their races. And
18 that the date in August will be pushed back at
19 least one week to August 15, preferably August
20 22 to give the Commission time to approve the
21 racing officials, key operating officials, and
22 license and fingerprint the occupational
23 licensees and to get our staff on board.

24 Again, the recommendation is if we

1 have the two options -- if there is a third
2 option where there could be a longer meet at
3 Suffolk that would be preferable. Thank you.

4 COMMISSIONER MCHUGH: Can I just as
5 an aside say that this screen has been clicking
6 in and out throughout Dr. Lightbaum's
7 presentation. So, I wonder if we actually have
8 a good stream.

9 CHAIRMAN CROSBY: Maybe somebody can
10 work on this screen. You're saying it's
11 working fine on the Web? Okay. Because the
12 image on our screen keeps going off.

13 DR. LIGHTBAUM: Pardon me. I forgot
14 condition number six, if I may. Condition
15 number six, Suffolk Downs is in arrears with
16 the Commission in regards to the Twin Spires
17 ADW from March through June. It's an estimated
18 \$20,000. They need to provide the Commission
19 with a signed contract and become current with
20 their payments. Thank you.

21 COMMISSIONER ZUNIGA: Can I get to a
22 number that Mr. Chairman was alluding to? So,
23 the purses are going to be under \$150,000 per
24 day altogether, right?

1 DR. LIGHTBAUM: The total is
2 \$500,000 in purses each day that they're
3 planning on giving out.

4 COMMISSIONER ZUNIGA: Where does the
5 150 come from?

6 DR. LIGHTBAUM: There's 150 that
7 would go to the Mass. bred races. There would
8 be three with \$50,000 for each race.

9 COMMISSIONER ZUNIGA: Okay. So, if
10 it's 500 per day, the request is \$1.7 million
11 for three days. So, where is the other 200?

12 DR. LIGHTBAUM: The \$150,000 for the
13 Mass. bred races is a separate pool of money
14 and it's estimate. The races all will have
15 different purses. And depending on which races
16 fill will be what actually is paid in purses
17 for the day.

18 COMMISSIONER ZUNIGA: So, it's fair
19 to say the \$1.7 million all goes to purses
20 throughout the three days different races, etc.

21 DR. LIGHTBAUM: Yes.

22 CHAIRMAN CROSBY: The 1.7?

23 DR. LIGHTBAUM: 1.2.

24 CHAIRMAN CROSBY: 1.2.

1 DR. LIGHTBAUM: Yes.

2 COMMISSIONER ZUNIGA: I'm sorry,
3 1.2.

4 DR. LIGHTBAUM: Yes.

5 COMMISSIONER MCHUGH: This gets back
6 to something we talked about yesterday. 1.2
7 divided by three is \$400,000 per day. So,
8 there's a \$500,000 number. There's the \$1.2
9 million which is \$400,000.

10 CHAIRMAN CROSBY: They usually paid
11 out --

12 DR. LIGHTBAUM: If you pay out the
13 \$400,000 and then add to that the \$150,000 for
14 the Mass. bred races, it comes to \$550,000.
15 So, it's right around that.

16 COMMISSIONER MCHUGH: You said that
17 yesterday when we talked yesterday.

18 COMMISSIONER CAMERON: That's 16
19 percent to the breeders?

20 DR. LIGHTBAUM: That's the money
21 that would normally go to the breeders, yes.

22 COMMISSIONER CAMERON: I had a
23 question, Dr. Lightbaum, about you mentioned if
24 there's a third alternative to a longer meet

1 certainly that would be preferable.

2 DR. LIGHTBAUM: Yes.

3 COMMISSIONER CAMERON: Were you
4 talking about the letter in our packet that
5 there's sincere interest from the Stronach
6 Group?

7 DR. LIGHTBAUM: Yes.

8 COMMISSIONER CAMERON: Do we have
9 any more information about the other than what
10 Mr. Lagorio has informed us in his letter?

11 DR. LIGHTBAUM: There's been ongoing
12 talks. Some of the board members have been
13 looking into it also. One in particular has
14 sent in a letter saying that with that option
15 their opinion on whether to do the three days
16 or not has changed let's do a delay and see if
17 something could be worked out with the Stronach
18 Group for a longer-term meet.

19 COMMISSIONER CAMERON: That's a
20 board member who has now switched from being
21 supportive of this to not being supportive
22 because of this possible option?

23 DR. LIGHTBAUM: Yes.

24 COMMISSIONER CAMERON: Maybe I would

1 have a question of Mr. Lagorio. We certainly
2 want to hear from him.

3 DR. LIGHTBAUM: And Mr. Tuttle can
4 talk to that also.

5 COMMISSIONER CAMERON: Right.
6 Maybe, Mr. Chair how would you like to do this?

7 COMMISSIONER STEBBINS: I just have
8 a couple of questions for Alex on the memo
9 before we jump over.

10 Dr. Lightbaum, \$325,000 for racing
11 operating expenses and future racing facility
12 development expenses. Does that number break
13 out somehow? You're talking about two
14 different items being funded with that money.

15 DR. LIGHTBAUM: I don't have a
16 breakout for it, but what they're looking to do
17 is be able to use some of that money towards
18 the development of their idea of getting their
19 own land to build a racetrack on.

20 COMMISSIONER STEBBINS: But we don't
21 know how much?

22 DR. LIGHTBAUM: HBPA is here today
23 and they may be able to give you a breakdown on
24 that.

1 COMMISSIONER STEBBINS: Okay. The
2 other question I had the conditions under your
3 recommendations, obviously where we're putting
4 some of the license conditions, everything is
5 pretty much clear-cut and straightforward
6 except where we get to item number three. It
7 says every effort will be made. Why don't we
8 just say the number of steeplechase races is X
9 or Y?

10 DR. LIGHTBAUM: We may want to ask
11 Lou Raffetto about that. One of the reasons he
12 wanted the steeplechase races as a possibility
13 was in case he didn't have enough of the
14 regular flat races to fill the card up. That
15 he felt like he could count on a certain number
16 of entries from the steeplechase races.

17 COMMISSIONER STEBBINS: We in the
18 past Suffolk has not had steeplechase races?

19 DR. LIGHTBAUM: They had it two
20 years in the 90s. They had like a day or two
21 of it.

22 COMMISSIONER STEBBINS: Does this
23 get back to a facility question as to whether I
24 guess I should -- whether the track could be

1 constructed or positioned in time to conduct
2 steeplechase races.

3 DR. LIGHTBAUM: They'll the turf
4 course. And the turf course will be ready to
5 be used by them.

6 COMMISSIONER STEBBINS: Thank you.

7 COMMISSIONER CAMERON: Doctor, was
8 the reason you wanted that number to be a
9 lesser number because it doesn't affect our
10 local horsemen, correct?

11 DR. LIGHTBAUM: Right.

12 COMMISSIONER CAMERON: There are no
13 local horsemen who are prepared or trained to
14 be in those races, correct?

15 DR. LIGHTBAUM: Exactly. When you
16 look at the numbers, it's almost a coincidence
17 that they're figuring about \$90,000 to go out
18 to the steeplechase, three races \$30,000 each.
19 That's about what they ran for a day at Suffolk
20 last year around \$100-\$110,000 a day.

21 COMMISSIONER ZUNIGA: But those
22 would not be the only races though on that day?

23 DR. LIGHTBAUM: Correct.

24 COMMISSIONER MCHUGH: With the

1 numbers that you have listed in your memo, you
2 really have to get to 15 races a day to use up
3 the whole \$550,000, right?

4 DR. LIGHTBAUM: Close to that, yes.

5 COMMISSIONER MCHUGH: That's seven
6 and a half hours of racing?

7 DR. LIGHTBAUM: It would be a long
8 day of racing, yes.

9 COMMISSIONER MCHUGH: Is that
10 realistic?

11 DR. LIGHTBAUM: If some of the Mass.
12 bred races are not full races, they may race
13 those as non-betting races. And they would be
14 held before the card, before the official card.

15 COMMISSIONER MCHUGH: They would
16 generate the purse money but not betting.

17 DR. LIGHTBAUM: Right. They would
18 be run for purse money only and be non-betting
19 races. And of course we would test them since
20 they're going for purse money.

21 CHAIRMAN CROSBY: What Commissioner
22 McHugh asked is it plausible to have 15 races?

23 DR. LIGHTBAUM: If they start early
24 enough, it is. They can do it. Certainly, it

1 will be a long day for the staff and everybody.
2 Again, it'll depend on what races fill.

3 I think there's a little bit of
4 uncertainty here because we haven't done
5 something like this here before. And maybe
6 Suffolk Downs has a better idea of what
7 commitments they've gotten from people to come
8 for those days, but there is some uncertainty
9 about how many horses will come and be
10 available.

11 COMMISSIONER MCHUGH: Does that mean
12 that there's also some uncertainty about the
13 amount of actual prize money that would be
14 given out? In other words, if cards don't fill
15 -- This is premised on about 15 races, the 550.
16 So, let's assume there's only 10 races that can
17 be filled, does the 550 drop down to say four?

18 DR. LIGHTBAUM: It could. It could
19 also be that the races with the higher purses
20 are the ones that fill. So, that may bring the
21 level up.

22 COMMISSIONER MCHUGH: Does the 1.7
23 change if the 550 changes downward?

24 DR. LIGHTBAUM: The 1.2 for the

1 purses?

2 COMMISSIONER MCHUGH: The 1.2 --

3 Well, it's 1.2 plus the Mass. bred.

4 DR. LIGHTBAUM: The Mass. bred purse
5 money will probably go out one way or another
6 regardless of whether they're betting races or
7 not. And then you're right. The 1.2 could
8 vary depending on what races fill.

9 COMMISSIONER MCHUGH: And if the 1.2
10 varies downward does the 1.7 vary downward as
11 well? In other words, are they linked? If the
12 1.2 goes down --

13 MR. TUTTLE: Thank you,
14 Commissioners. Perhaps I can be helpful.

15 CHAIRMAN CROSBY: Introduce
16 yourself.

17 MR. TUTTLE: Chip Tuttle, Chief
18 Operating Officer Suffolk Downs. The
19 allocation requested in the breakdown \$1.2
20 million for overnight purses and then the other
21 money for the HBPA for its operating expenses
22 and to pursue its longer-term option.

23 If for example we pay \$1.1 million
24 in purses instead of \$1.2 million,

1 traditionally that \$100,000 would just remain
2 in the purse account until such time there was
3 another time for someone to run for it.

4 So, it goes into the purse account.
5 The purse account has specific uses based on
6 the legislation. But if the Commission wants
7 to consider conditioning the award of purse
8 money on a certain level of it being used,
9 certainly that's reasonable as far as we're
10 concerned.

11 But none of this is set in stone
12 until you see what races actually fill and at
13 what purse levels. So, there can always be
14 some variation. For the last several years
15 we've actually paid more in purses than we've
16 anticipated on a budget basis.

17 COMMISSIONER MCHUGH: So, the 1.2
18 then is an estimate that could float up or down
19 depending on circumstances as they unfold?

20 MR. TUTTLE: Correct.

21 COMMISSIONER MCHUGH: Thank you.

22 CHAIRMAN CROSBY: Other questions?

23 COMMISSIONER CAMERON: For other
24 individuals, I think so. Did we want to hear

1 from the potential licensee first and then ask
2 additional questions?

3 CHAIRMAN CROSBY: If you had
4 anything to add.

5 MR. TUTTLE: That was all I had at
6 on that particular. I'm happy, as always, to
7 offer any clarification or answer any questions
8 that you have.

9 CHAIRMAN CROSBY: That question is
10 for Mr. Lagorio? Is that what I'm hearing?

11 COMMISSIONER MCHUGH: Just one
12 second. Do you know anything about the
13 Stronach -- Am I pronouncing that correctly? -
14 issue?

15 MR. TUTTLE: Yes. One of our owners
16 received a call this weekend from a
17 representative of the Stronach Group saying
18 that that representative of the Stronach Group
19 had been contacted by some of the horsemen
20 wanting to know if there was an interest.

21 He expressed a polite level of
22 interest. I spoke to two individuals from the
23 Stronach Group this week just to follow up on
24 this. I can tell you there is no plan that we

1 have right now to lease the facility to anyone.
2 And as that would require someone else being
3 the licensee, that's highly impractical on one
4 level for this year.

5 So, we're always happy to entertain
6 discussions with people who have an interest in
7 the facility, but we certainly don't think it's
8 viable that another plan could be put forward
9 at this juncture would involve another
10 potential licensee leasing our track operation.

11 COMMISSIONER MCHUGH: Why is that?
12 Is it time? Is it negotiations?

13 MR. TUTTLE: I think it's several
14 factors, Judge. It is time and I don't think
15 there's been any due diligence as to what the
16 actual financial terms would be and which
17 obligations would behoove us. We've been
18 running a simulcasting operation now for seven
19 months with lots of liabilities involved in
20 that.

21 So, it's a pretty complicated -- If
22 there had been conversations ongoing for the
23 last two or three months that would be one
24 thing. But this popped up Sunday at the behest

1 of, I believe, at the behest of Mr. Lagorio's
2 group. He contacted the Stronach Group and
3 asked them if they were interested.

4 So, yes. It's multifactorial but I
5 don't anticipate that we would be able to come
6 to an arrangement in the short-term.

7 CHAIRMAN CROSBY: If you didn't have
8 simulcasting, wouldn't that change the dynamic
9 of those discussions quite a bit?

10 MR. TUTTLE: It may, but we do.

11 CHAIRMAN CROSBY: For now, right?
12 That's the issue in front of us in effect. You
13 don't have it without a live race day.

14 MR. TUTTLE: Correct.

15 CHAIRMAN CROSBY: If you have a live
16 race day, at least one, then you have the
17 simulcast.

18 MR. TUTTLE: Yes. And we have every
19 confidence that we can satisfy the law that was
20 passed in March and that we're fully capable of
21 conducting at least one day of live racing.

22 CHAIRMAN CROSBY: My point was that
23 what Mr. Lagorio was saying, and I want to talk
24 to him about this as well, is that without that

1 leverage there is no incentive for you to
2 negotiate a deal. And what they're trying to
3 do is they think a deal can be negotiated. I
4 have no idea whether it could or not, none,
5 zero.

6 But their point is that without that
7 leverage that there's no incentive for you to
8 negotiate a deal and that's how this whole
9 conversation is linked. I know you understand
10 that.

11 COMMISSIONER MCHUGH: I know that
12 there hasn't been discussion. I'm just
13 probing, isn't it conceivable -- Take Stronach
14 out of the play. -- that somebody if they were
15 interested and competent and capable of meeting
16 financial terms could come in and be the
17 operator under your license with the
18 Commission's approval?

19 COMMISSIONER ZUNIGA: That's what
20 they're proposing.

21 MR. TUTTLE: Yes. I guess that
22 would be up to the Commission.

23 COMMISSIONER MCHUGH: Right.

24 COMMISSIONER ZUNIGA: Isn't that the

1 role of Mr. Raffetto? That's effectively what
2 they're proposing.

3 COMMISSIONER MCHUGH: No. That's
4 not what Mr. Tuttle was saying a minute ago.

5 MR. TUTTLE: We entered our
6 discussions with the horsemen over the winter
7 under the premise that the horseman would be
8 the licensee based on the one-day placeholder
9 they were granted by this Commission back in
10 October.

11 It became apparent to us during the
12 course of those discussions that they were not
13 going to be able to follow through. So, when
14 we were looking at legislative options that
15 would allow us to continue to simulcast, we
16 changed the parameters of our thinking and
17 anticipated that we would be the licensee.

18 So, we hadn't contemplated leasing
19 the operation to anyone else nor had anyone
20 else expressed an interest. The Stronach Group
21 did not express any interest over the winter
22 January, March, May, whatever.

23 So, this is sort of news to us that
24 they may be interested now. I certainly am not

1 one to ever close the door on any possibility,
2 but I do think at this juncture that the idea
3 that there would be an agreement -- Again, I
4 don't know that they have any idea of what the
5 financial issues potentially that they would be
6 facing.

7 When we were considering leasing
8 the racing operations to the horsemen, we were
9 looking at a sizable rent payment. And we
10 haven't even gotten to that stage of the
11 discussion with the Stronach Group. And given
12 our historic losses, it's hard to imagine any
13 circumstance where any operator as great as
14 they may be would be able to somehow flip that
15 in the short-term.

16 COMMISSIONER MCHUGH: I understand
17 all of those. I was just as long as you're
18 here and we're talking about a probing a little
19 bit in part with an eye towards next year.
20 There's time.

21 MR. TUTTLE: There's certainly time
22 for that. And if Stronach Group or another
23 operator has a legitimate interest, we'd
24 entertain that.

1 COMMISSIONER MCHUGH: Yes.

2 COMMISSIONER STEBBINS: Chip you
3 said you had conversations with a couple of
4 their executives. How was the conversation
5 left?

6 MR. TUTTLE: The conversation was
7 left that we would follow up with them in the
8 next couple of weeks.

9 CHAIRMAN CROSBY: So, it's your
10 impression that they are interested,
11 apparently?

12 MR. TUTTLE: I think, yes. They
13 have expressed some interest but they've
14 expressed that interest ironically under the
15 premise that gaming may occur at the property
16 in the future.

17 CHAIRMAN CROSBY: Right. But as
18 recently as a couple of days ago apparently you
19 talked to them and it sounds like there is
20 going to be an ongoing conversation. They're
21 still interested.

22 MR. TUTTLE: Yes.

23 COMMISSIONER CAMERON: I would be
24 interested in hearing more about this since

1 it's a fairly new proposal, and our racing
2 director thinks it's a viable opportunity if
3 there is any opportunity here. So, I would be
4 interested in hearing from Mr. Lagorio about
5 those conversations. There is such a
6 significant opposition to these three days that
7 I think it's important to hear people. Are we
8 prepared to hear that now, Mr. Lagorio?

9 CHAIRMAN CROSBY: Doug, do you want
10 to move over and let Mr. Lagorio use that mic?
11 Introduce yourself.

12 MR. LAGORIO: Hi, I'm Bill Lagorio,
13 30 year plus trainer in Massachusetts. I live
14 in Revere, Massachusetts my whole life. I am a
15 local person right here in Massachusetts.

16 COMMISSIONER CAMERON: Mr. Lagorio,
17 I certainly read the documents you provided us
18 for today. And one of those documents had to
19 do with the Stronach Group and your
20 conversations.

21 Could you elaborate on that and what
22 you think is possible or is not possible based
23 on your conversations?

24 MR. LAGORIO: Sure, Commissioner.

1 The conversation was to open up some dialogue
2 with Stronach. We have a local connection and
3 Tim Ritvo who is a Revere native from
4 Beachmont, longtime jockey at Suffolk Downs.

5 He's now the COO. He operates out
6 of Gulfstream and Laurel Park in Maryland. So,
7 he's between Florida and Maryland. And then up
8 in Canada you have the president Mike Rogers.

9 I opened some dialogue with Tim.
10 And we started to talk about Massachusetts
11 racing. I sent him a copy of what we have now
12 to be about 300 plus horsemen including
13 addresses and phone numbers.

14 And Tim said to me we had interest,
15 we've had interest in the past. We've tried to
16 get in. And we spoke to -- He said, what was
17 the president's name of the HBPA? And I
18 mentioned Mr. Spadea. He said we passed it by
19 them a while ago. We had a plan put together
20 that would bundle the simulcast signal with
21 other states, making that a very profitable
22 entity.

23 And they had a whole idea of coming
24 into Massachusetts. Part of it would be to

1 hopefully to lease Suffolk Downs and with their
2 intent down the road if they had to build
3 racetrack certainly that is their business,
4 they would. So, the conversation kind of
5 surprised me.

6 And I said during the June 11
7 hearing here or at the convention center, I
8 mentioned that Stronach might have an interest.
9 And I mentioned to Tim that it was really
10 brought upon us that you didn't have an
11 interest. And he said to me Bill that's a
12 flat-out lie.

13 And I said, Tim those are strong
14 words, but I will take your word that you are
15 interested.

16 So, he said, based on the group you
17 have and the people that are interested, I'm
18 going to go back to corporate and see if we
19 can't pull the plan out of the closet and take
20 a look at it again.

21 I waited. This was six weeks ago.
22 I waited some time. I had people that advise
23 me. And they say let them do their due
24 diligence. They're a big corporation. Rushing

1 is not going to get us anywhere.

2 He got back to me, believe it or
3 not, this past Thursday. I happen to be
4 working at the time. And he said Bill, we've
5 reviewed this. We see Massachusetts certainly
6 as a diamond in the rough with great potential.
7 We'd like to be all in, those exact words.

8 I said, that's wonderful.

9 He said, we'd love to fly up and
10 meet with you. And I mentioned that we had a
11 Commission hearing today on the 23rd. And I
12 said I would love for you to attend.

13 He said for me as COO, I have got to
14 go through corporate. That's Frank Stronach
15 and his daughter Belinda and so on and so forth
16 and Mike Rogers up there in Aurora Ontario
17 where they are based.

18 He called me back on Sunday. He
19 said corporate had a few questions. They were
20 little concerned that I had a huge group yet we
21 still have a HBPA. I have not yet set up a
22 separate faction. So, they still represent the
23 horsemen to some degree.

24 And he said we also have Suffolk

1 Downs to deal with. He said we've opened up
2 some dialogue with Richard Fields, the primary
3 owner or principal owner at Suffolk Downs.

4 He said the preliminary talks went
5 well. Mr. Fields expressed his sadness in
6 racing being lost etc., etc. And I mentioned
7 to Tim that we were under some time
8 constraints. And he said that they would have
9 ongoing talks with Mr. Fields. And that they
10 have a wonderful group of people that do that
11 sort of thing that put leases together. They
12 get together with the racetracks. And they can
13 do it in short order with the right people.

14 So, from there he hung up the phone
15 and I was hoping to hear more. I also asked
16 Tim if he could not attend the hearing if he
17 could send a letter of intent to certainly show
18 his great interest in Massachusetts.

19 He drafted the letter and he read it
20 to me and it was wonderful. However, when Mr.
21 Tuttle called the two people, Mike Rogers and
22 Tim Ritvo, Mr. Tuttle expressed his concern
23 that it would confuse the Commission (A) and
24 possibly throw down the three days of racing.

1 And they said to me we have one
2 person that wants to go forward with this and
3 we have one that wants to tread carefully
4 because obviously we need Suffolk Downs as the
5 host racetrack. Certainly, they are the
6 answer.

7 So, Tim and I left that conversation
8 there and I got back to him. I found it
9 necessary and Jay and on have been on again,
10 off again, Jay Bernadine that is. Jay is one
11 of vice presidents of the current HBPA board.

12 I called Jay who is based in
13 Maryland. That's where Tim is sitting. I
14 mentioned that to Jay. He was very surprised.
15 He said I kind of didn't believe that there was
16 so much interest. So, he went and sat down
17 with Tim Ritvo.

18 Tim reinforced everything that we
19 had talked about to Jay. And Jay was kind of
20 taken back because Jay was told there was no
21 interest from Stronach. And Jay has been in
22 the middle of all this.

23 And I spoke to Jay this morning.
24 And Jay has turned his position around because

1 he sees a future and he sees sustainability of
2 Stronach coming in providing a race meet and a
3 future.

4 And Jay and Alan Lockhart, another
5 board member, sent letters into the Commission.
6 Others were very skeptical because it's late in
7 the game, but it's only late in the game
8 because I couldn't come forward until Tim said
9 to me we are all in.

10 But that interest and the biggest
11 entity in racing that operates Santa Anita,
12 Gulf Stream Park, Pimlico, Laurel, Golden
13 Gates. They own Xpressbet, Amtote. They're
14 the biggest in the business. Interest here
15 would lead you to believe we have a market.

16 And Stronach and Tim Ritvo told me,
17 listen, you have the Race Horse Development
18 Fund that's fine. We don't care. That's
19 wonderful for you now, but years down the road
20 maybe 10 percent goes this way, 10 percent goes
21 that way. We make tracks stand on their own
22 two feet. We don't cry. We don't ask for
23 anything.

24 Their simulcast signal going out

1 last year at Gulfstream Park provided 67
2 percent of their purse pool. They sent out
3 \$634 million of their signal across the
4 country. And they're able to by bundling it
5 access the highest percentage in the country.

6 They would do the same thing at
7 Suffolk Downs. What Suffolk Downs is doing
8 now, simulcasting five days a week and what
9 they have is okay, we're really getting nothing
10 from that. And they're not maximizing what
11 they have.

12 That signal -- Timmy told me this
13 and Mike Rogers told me this. That signal,
14 without that signal there is no interest. If a
15 day of racing is run at Suffolk Downs and the
16 simulcasting goes on until July 2016, Stronach
17 Group passes us by like a ship in the night and
18 we lose out all of the horsemen, all of the
19 current HBPA board and everybody that's in this
20 room loses out.

21 CHAIRMAN CROSBY: Excuse me, Mr.
22 Lagorio. Why is that? As I understand it, and
23 correct me if I'm wrong, and Mr. Tuttle if you
24 see this differently, as I understand the

1 statute, it says for each of two years, 2015
2 and 2016 that Suffolk Downs may continue
3 simulcast so long as it runs at least one live
4 race day.

5 I have some questions about how that
6 works, but I'll come back to Mr. Tuttle in a
7 minute. So, if there were a live race day
8 today, that would mean that there would be
9 simulcast for Suffolk Downs for the rest of
10 this year, but it doesn't do anything about
11 2016.

12 MR. LAGORIO: It does take -- The
13 current legislation the way it's written takes
14 the simulcasting through July 2016 with a day
15 of racing.

16 MR. TUTTLE: I would agree with your
17 interpretation of that, Mr. Chairman, that it
18 requires us to race at least one day each year
19 in 2015 and 2016.

20 CHAIRMAN CROSBY: That's the way I
21 read that too. And I think that's the way we
22 read it as well.

23 MS. BLUE: Yes.

24 CHAIRMAN CROSBY: So, for whatever

1 it's worth, there is the opportunity, there is
2 the theoretical prospect of having a new
3 operator with simulcasting pick up starting
4 next year even if there were a live racing date
5 this year.

6 MR. LAGORIO: I think under those
7 terms that Stronach in some of their talks,
8 they'd be willing to do something if they could
9 get a commitment to assuming the facility in
10 January. But without something in writing
11 prior to that, they would be tied up in too
12 many ins and outs. To them, the simulcast
13 signal is the be-all end-all.

14 And obviously for Suffolk Downs, it
15 is as well. They realize the value of holding
16 simulcasting. The problem with that is while
17 they're holding simulcasting and while we're
18 issuing this money for three days of racing, a
19 lot of people are out of work, losing their
20 homes and farms.

21 And that \$1.5 million, if we held
22 onto it, in 2016 or maybe late in 2015
23 translates itself into 15 racing days under
24 last year's purse pool. Fifteen racing days

1 for us if you run three days a week covers five
2 weeks. There's a lot of people that would give
3 their arm for that extra five weeks certainly.

4 And as part of what we'd be looking
5 into the future of, instead of wasting 1.5 on
6 three days, let's put that to something useful
7 that would provide everybody an opportunity to
8 make some money. And if we can look ahead into
9 what might be with Stronach, certainly 15 days
10 of racing tagged onto what they could put
11 together would be wonderful for us.

12 It's just for me, to rush now and
13 possibly miss one of the best opportunities we
14 have to benefit the horsemen and the
15 Commonwealth, because this is a real entity and
16 they do it right.

17 And Mr. Ritvo said to me I could see
18 down the road -- Their idea of a racetrack is
19 one with great creature amenities like they've
20 done over in Plainville. They see restaurants
21 and shops and a destination resort that's a
22 racetrack. It doesn't have to be. They said
23 slot parlors are wonderful. Casinos are
24 wonderful. We make the racetrack work. And

1 they've -

2 CHAIRMAN CROSBY: Let's just - This
3 is for questions and answers.

4 COMMISSIONER MCHUGH: Can I just
5 interrupt for a second. Why is this an either
6 or proposition? As I think about it and listen
7 to you suppose -- We have no viable plan now
8 for 15 days of racing. We're in July. This
9 has been an issue that's been on the table
10 since last September. And I'm just stating
11 facts. I'm not blaming anybody.

12 We still don't have a viable plan.
13 What is wrong with, hypothetically, the
14 Commission saying go ahead with the three days,
15 go ahead with negotiations with Stronach with
16 Suffolk Downs. If a Stronach plan for next
17 year is put in place, the three days goes
18 forward and next year is next year. And we
19 take an application and we consider that
20 application and we see.

21 If Stronach and all other parties
22 come up with a plan for the balance of this
23 year that wipes out two of the three days say
24 that we've approved, that comes back to the

1 Commission and we consider wiping out those
2 days and letting Stronach go forward.

3 MR. TUTTLE: That what you've
4 outlined, Judge, is certainly within the realm
5 of possibility. Let me see if I phrase it
6 differently, the Commission granting this
7 request does not preclude any potential
8 business agreement between us, the Stronach
9 Group or any other entity. It doesn't preclude
10 that for sure.

11 The Commission potentially
12 withholding this license, this dates' request
13 in order to have us engage with lease
14 negotiations with somebody that may or may not
15 come to fruition I think could be potentially
16 damaging to us.

17 If we come back to you in September
18 or October and say, geez, we weren't able to
19 reach a deal with the Stronach Group, then the
20 opportunity for the Mass. breeders to run three
21 times for their money, all of those things goes
22 away.

23 COMMISSIONER MCHUGH: I understand
24 that. And that's -- So, you've captured the

1 essence of it. And we wouldn't condition --
2 I'm thinking out loud now. We wouldn't
3 condition the approval of the three days on
4 anything else. But we would be prepared to
5 wipe out X number of days of those three if
6 some other deal were to --

7 MR. TUTTLE: The approval of the
8 three days would not preclude us for coming
9 back and asking for more if the circumstances
10 were to change.

11 COMMISSIONER MCHUGH: That's a
12 better way of putting it.

13 COMMISSIONER ZUNIGA: What about the
14 approval of one day? If that's only the
15 requirement that preserves the simulcasting,
16 could there be just an approval of one day for
17 a lesser amount from purses, thus it's almost
18 kind of like and in between reserving some of
19 the money from the Horse Race Development Fund
20 for a later time.

21 MR. LAGORIO: Commissioner, one day
22 or three days or whatever. The case is as soon
23 as the one day is run, that simulcasting is
24 still tied up for the remainder of the year.

1 There is no reason to negotiate if you're
2 Suffolk Downs. There's certainly less interest
3 in the Stronach Group. That's the key. The
4 piece that holds is the simulcasting.

5 It was a bad idea on June 11 for me.
6 It's a bad idea on the 23rd. But the money's
7 an issue. And when we get to the breeders, I
8 would just like to add one thing about the
9 breeders.

10 Legislation was approved to allow
11 the breeders to run their races out of town at
12 Finger Lakes or wherever. The president of the
13 Mass. Breeders, George Brown, has been in
14 discussions and he's got the okay to run them
15 in New York for nothing via the HBPA there.

16 Most of the Mass. breds are stabled
17 there now. The ones that aren't, for example,
18 that are on farms in Massachusetts, those who
19 are less fortunate and can't get there, if a
20 schedule comes out that's meaningful out of
21 state, then a person that has a two-year old or
22 a three-year old can say, hey, they're going to
23 run that race in November. Now maybe I can
24 ship that horse to Finger Lakes, train and get

1 that horse ready.

2 Those opportunities aren't here
3 right now. So, that if you own a horse and
4 you're on a farm and there's one man that owns
5 a farm in Middleboro that's 60 acres. He's got
6 10 Mass. breds sitting there. And he's saying
7 this three-day thing is great. I've nowhere to
8 train. Nowhere to get prepared.

9 They've laid in front of us answers
10 for the breeders. They have the money. They
11 have the place to run their races. Now it's
12 what about the rest of us? And it gets down to
13 the simulcasting.

14 CHAIRMAN CROSBY: Okay. Go ahead.
15 You were talking about simulcasting. You were
16 reacting to Commissioner McHugh's suggestion.
17 And then you sort of got way-laid on the
18 breeders.

19 So, the simulcast, finish up your
20 thought on the simulcasting.

21 MR. LAGORIO: Well, the simulcasting
22 running a day, once you tie that up for the
23 rest of the year, there goes the negotiating
24 tool. There's nothing to negotiate.

1 So, if you're Suffolk Downs and
2 you're going to make X amount of dollars on
3 simulcasting, which none of the horsemen that
4 are suffering right now will be privy to. It's
5 hard to look at the three days and spend that
6 money and say that it's worthwhile, where we
7 feel that none of the local people will benefit
8 at all.

9 And we're going to lose the
10 opportunity to bring in Stronach. Why not take
11 a step back and say, hey, Stronach is here.
12 Let's let negotiations go forward. It's not
13 going to hurt anybody to put this off another
14 30 days or whatever. Because those races that
15 they want to put forward could be run in
16 September and October. They could be run in
17 October and November. All of that could be
18 done.

19 But where we have something new in
20 front of us, isn't it worth all of our lives
21 and all of these people that are here today and
22 the many that aren't here to give them an
23 opportunity to see a potential lease that could
24 bring racing back this fall. Maybe it's a

1 longshot, maybe it isn't.

2 But you could negotiate a lease.

3 It's not impossible.

4 COMMISSIONER MCHUGH: But by saying
5 that once the simulcasting rights are triggered
6 or made whole by the one day of racing and
7 negotiations are off the table strikes me as a
8 prediction of what the outcome of the
9 negotiations is.

10 There's an export fee that is part
11 of the pickup if you've got live racing going.
12 There's also the lease payments. There's also
13 a number of different arrangements that you
14 could have between the operator and the owner
15 of the track.

16 There's almost an infinite variety
17 of possibilities that one could put together
18 that would be attractive to both, it seems to
19 me, without saying that one feature takes all
20 of the negotiating power off the table and has
21 people sit back and say go away.

22 MR. LAGORIO: It's a big bargaining
23 chip. It really is. The thing with the
24 signal, Commissioner, is that Stronach would

1 turn that into a nine percent outgoing and it
2 becomes a viable entity for them. And that's
3 what they're looking for. That's how they make
4 tracks profitable.

5 That signal is the be-all end-all
6 for them. Without control of it, they don't
7 see the real desire to move in. And like I
8 said, they've done a pretty good job across the
9 country.

10 COMMISSIONER MCHUGH: Got you.

11 Thank you.

12 MR. LAGORIO: You're welcome.

13 COMMISSIONER ZUNIGA: But wouldn't
14 everything that you say really apply as well
15 for next year? Because this year is closing
16 quite quickly. We're already in the seventh
17 month. And for all intents and purposes that
18 signal has already been going out for six or
19 seven months.

20 MR. LAGORIO: Yes, it has.

21 COMMISSIONER ZUNIGA: So, all of the
22 things that you alluded to or explained
23 including incentives or disincentives from the
24 operator or the track also work for next year

1 in theory.

2 MR. LAGORIO: They do in theory.
3 But why wouldn't we look at something right
4 now? They've expressed interest right now.
5 And just delay this long enough to let them
6 explore it further. It's just a chance we have
7 to maybe resurrect something for the fall. And
8 if we could get something, it'd be wonderful.

9 If it doesn't turn out. We come
10 back here in 30 days and we'll take it from
11 there. We'll be no worse for the wear.

12 The Mass. bred races can be run --
13 They can run whatever races they wanted to run,
14 but we'd have a chance to further explore what
15 I feel is the best racetrack operator in the
16 country. I don't think the time in tabling
17 this would hurt.

18 CHAIRMAN CROSBY: What's the
19 incentive for Suffolk Downs to negotiate if we
20 just postpone this and they still have the
21 license for the simulcast?

22 COMMISSIONER ZUNIGA: The threat of
23 losing it.

24 CHAIRMAN CROSBY: Pardon?

1 COMMISSIONER ZUNIGA: The
2 prospective of losing. I think that's the
3 incentive.

4 CHAIRMAN CRSOBY: So, we would say
5 you better make a deal or we won't grant a
6 license?

7 COMMISSIONER ZUNIGA: Maybe, I
8 suppose or --

9 MR. LAGORIO: It would just
10 certainly allow the negotiations. Where this
11 has come to light and it's happened so quickly,
12 I think just allowing some due diligence would
13 be in order given everything that's at stake.
14 There's a lot at stake.

15 MR. TUTTLE: I would just point out
16 there's a little bit concern about where your
17 conversation is going Commissioner Zuniga and
18 Chairman Crosby that perhaps you would withhold
19 our request in order to compel us to do a lease
20 with an outside company that has had since
21 September of last year to express reasonable
22 interest to us and hasn't until this weekend.

23 That's a pretty disturbing
24 possibility, as far as we're concerned, so long

1 as our current request meets all of the
2 statutory requirements.

3 MR. BARNETT: Mr. Chairman, may I?

4 MR. CHAIRMAN: Sure.

5 MR. BARNETT: Bruce Barnett from DLA
6 Piper, Counsel at Sterling Suffolk Racecourse.
7 The Legislature in Chapter 10 of the Acts of
8 2015 as described by Dr. Lightbaum before has
9 extended the racing license for Suffolk Downs
10 through this year, and invited Suffolk Downs to
11 make the application that's before you for an
12 additional day of racing.

13 The terms of any use of the Race
14 Horse Development Fund are obviously for the
15 Commission to determine. We've made our
16 request and I think that the reasons for that
17 are on there. But the statutory criteria for
18 exercising the continue invitation for having
19 additional racing days are pretty clear.

20 And I share in Mr. Tuttle's concern
21 about the suggestion that there'd be a
22 conditioning or a withholding of granting of
23 that approval in order to effect a business
24 negotiation. It's concerning. Thank you.

1 CHAIRMAN CROSBY: If you're in our
2 shoes, how do you use our authority to grant or
3 not grant licenses? We have an interest, as we
4 have expressed many times, to try to support
5 the thoroughbred racing industry as best we
6 possibly can. Back before the license decision
7 was made, we said repeatedly that once it is
8 made, either way it goes, we'll roll up our
9 sleeves and try to figure out how do we sustain
10 thoroughbred racing here.

11 So, we, I think and maybe you
12 disagree with this, we look at this as having a
13 fiduciary duty to the industry in part to help
14 it prosper if it can. And should we not be
15 mindful of that when we make licensing
16 decisions?

17 We're exercising our judgment on
18 what might most enhance the long-term viability
19 of the industry. Should that not be one of the
20 factors we use in making a license decision?

21 MR. BARNETT: I think first and
22 foremost the licensing decision should be based
23 on the authorizing statute. And where the
24 applicant requests for the supplemental

1 daysmeets the licensing or in the case where
2 you find that it meets the licensing
3 requirements in the statute then I think that's
4 the primary consideration.

5 Given the fact that Suffolk Downs
6 has incurred the substantial annual eight-
7 figure losses for such a long time, no one else
8 has, I think, done more to support the racing
9 industry in Massachusetts over the last many
10 years. This year --

11 CHAIRMAN CROSBY: So, what was your
12 answer to my question? Should we use the long-
13 term health of the industry as one of the
14 criteria when we make a decision on a license
15 award?

16 MR. BARNETT: I think it's something
17 that maybe goes into the mix, but it cannot, I
18 don't think, supersede the statutory criteria.

19 COMMISSIONER MCHUGH: I don't think
20 it has to supersede. Maximizing revenues to
21 the economy and fair treatment for all who have
22 an economic interest is pretty broad things.
23 But I hear your point and the point that both
24 of you have made.

1 MR. LAGORIO: If I can just say one
2 thing? On the Stronach Group, the inference is
3 they just came in the game. And the point is
4 very simple. And it can be reinforced by Mr.
5 Bernadine, the Vice President of the HBPA, and
6 Mr. Ritvo that they've tried. They've tried to
7 come in and solve our problems. We have
8 someone at our doorstep. And basically they
9 were given lip-service and turned away.

10 So, it wasn't until I and my group
11 resurrected the idea that we brought this
12 entity forward. So, they've been around for a
13 while. And they didn't just show up. And
14 certainly, they're very interested.

15 COMMISSIONER MCHUGH: I'm
16 continually having difficulty with the
17 fundamental premise here that an economically
18 beneficial deal has been turned down for a
19 reason that either is not apparent or is less
20 beneficial than the potential deal. I don't
21 understand that. And I find it hard to
22 believe.

23 I know everybody has been trying
24 really hard to get something that will work.

1 And the money just isn't there. But it seems
2 to me the economic interests of everybody are
3 ultimately the driver.

4 And it would be foolish for Suffolk
5 Downs or you or any of the other interests in
6 this to turn down a deal that was economically
7 viable and made sense.

8 So, the notion that we predict the
9 outcome of negotiations that haven't been
10 conducted and economic incentives that haven't
11 been put on the table are because we want to
12 put pressure on somebody to do something that
13 economics may drive them to do anyway just is
14 becoming more and more of a non-starter for me.

15 MR. LAGORIO: I don't think we're
16 trying to force anything. I think we're just
17 trying to give Stronach a chance to expand upon
18 what they would like to do.

19 COMMISSIONER MCHUGH: Okay. I've
20 made my point and I understand yours. Thank
21 you.

22 COMMISIONER CAMERON: Does it make
23 any sense to - I think maybe we have three
24 options here. We have a license before us

1 without a clear group that thinks it's a good
2 idea. The opposition is strong. There are
3 those who are in favor as well. So, that piece
4 is not clear. It's not an easy decision.

5 Denying the license just for the
6 sake of denying it to me does not make a lot of
7 sense either. I'm wondering since this is new
8 and I know we've heard from so many folks that
9 this is something people think is worth
10 exploring, instead of a month can we come back
11 in two weeks and make a decision on this
12 matter?

13 Two weeks to -- I wouldn't be
14 interested in forcing anyone to do anything.
15 The initial conversation went well by all
16 accounts. Can further conversations, and in
17 two weeks it's possible or it's not possible
18 this year?

19 It is late in the season, Mr.
20 Lagorio. It really is. And we want to be fair
21 to everybody here. For my mind, a month is too
22 long. That really is -- Now we're at the end
23 of August. That would not be fair to this
24 applicant.

1 But is two weeks something where
2 it's possible, it's not possible? And then we
3 need to make a decision.

4 MR. LAGORIO: I think that's fine.

5 COMMISSIONER CAMERON: It's just an
6 option.

7 COMMISSIONER ZUNIGA: I suppose I
8 need to understand a little better the 2015
9 legislation. Could we either -- Do we have it
10 or could we refer to it?

11 MS. BLUE: Yes, I have it.

12 COMMISSIONER ZUNIGA: It does grant
13 Suffolk the signal, if you will, so long as
14 they conduct one day of racing.

15 CHAIRMAN CROSBY: Each year.

16 MS. BLUE: Yes, that's correct, each
17 year.

18 COMMISSIONER ZUNIGA: Each year.

19 MS. BLUE: Yes.

20 COMMISSIONER ZUNIGA: But isn't
21 there subject to the approval of the Gaming
22 Commission as far as what they have before us?

23 MS. BLUE: It's subject to your
24 approval in terms of the one -- It's between

1 one and 50 days of racing subject to your
2 approval.

3 COMMISSIONER ZUNIGA: One and 50?

4 MS. BLUE: Yes.

5 COMMISSIONER ZUNIGA: It's now
6 before us for three.

7 MS. BLUE: That's right.

8 COMMISSIONER ZUNIGA: But we don't
9 have to approve for three.

10 MS. BLUE: No, you do not.

11 COMMISSIONER ZUNIGA: And that
12 doesn't change what effectively has already
13 happened, which is the seven months that have
14 already gone in terms of simulcasting.

15 MS. BLUE: That's right.

16 CHAIRMAN CROSBY: Could I explore
17 something? Mr. Tuttle and Mr. Barnett
18 intimated I think that there's a sort of an
19 objective set of criteria which if met limits
20 our discretion on whether to make a decision.

21 I then heard Mr. Barnett say, well,
22 maybe there are other things like the long-term
23 health of the industry that we could consider.

24 But how do you read the exercise of

1 our discretion? First of all, in the criteria
2 themselves, if the memo that we got is quoting
3 from the statute, it does look to me that there
4 are some subjective issues like maximum revenue
5 to the Commonwealth.

6 But how do you read our ability of
7 how our discretion would be and can be
8 exercised?

9 MS. BLUE: So, those are the
10 criteria that are in the statute. They come
11 from 128A. Some of those criteria are
12 subjective. And I think as Commissioner McHugh
13 pointed out, when you're talking about the
14 welfare of the industry itself, it does fit in
15 to the criteria that talks about maximizing
16 revenues and the economic interest of the
17 people involved.

18 So, the criteria do -- some of them
19 are more objective. The financial integrity is
20 fairly objective. But some of the others are
21 more subjective.

22 So, I do think you can consider the
23 industry itself, how it is helped or not helped
24 by the application at hand. And you can weigh

1 that.

2 I also think that you need to look
3 at each of these criteria and determine whether
4 they are supported by the evidence that's in
5 front of you. That's the evidence includes the
6 application that's filed, the comments that
7 you've received, the questions that we posed
8 and got answers to.

9 So, I think it would be helpful
10 maybe to go through each of the criteria and
11 determine whether you think you have enough
12 information on each one to answer those
13 questions.

14 CHAIRMAN CROSBY: Is this the exact
15 language in the statute in Director Lightbaum's
16 memo? It cites the criteria from 128A section
17 3(i).

18 MS. BLUE: Yes, that's the language.

19 CHAIRMAN CROSBY: That language is
20 directly from the statute. Other thoughts or
21 questions?

22 COMMISSIONER ZUNIGA: My read of the
23 2015 intention was along the lines of
24 benefiting the local industry is that there was

1 an implication or an understanding there could
2 be more value in terms of race days. The
3 difference between one and three is very
4 little. It doesn't seem to - I mean we've
5 heard it from a lot of people here back in
6 June.

7 That 50 didn't come out of nowhere.
8 There must have been an understanding that
9 something could be done for some kind of days
10 in between.

11 COMMISSIONER MCHUGH: Between one
12 and 50?

13 COMMISSIONER ZUNIGA: Yes.

14 MR. TUTTLE: I perhaps can offer
15 some insight, Commissioner, on that.

16 COMMISSIONER ZUNIGA: Yes, please.

17 MR. TUTTLE: We talked with the
18 horsemen over the winter about a range of days.
19 And again, when the premise was that the
20 horseman's organization would be the licensee
21 and was going to license the facility, they
22 looked at 40 to 50 days.

23 The HBPA in our discussions with
24 them over the winter made the determination

1 that that was not economically viable as it has
2 not been economically viable for us for the
3 last several years.

4 And given that there's all of this
5 money that's starting to build up in the Horse
6 Race Development Fund, their decision was
7 they'd prefer that we only request \$1.2 million
8 for purses, \$1.75 million overall, and continue
9 to let that funding build for their potential
10 future use as opposed to now.

11 During the conversation about 40 to
12 50 days, there was some question as to whether
13 there would be enough horses. There was some
14 question as to how long it would take to
15 conduct the meet. And the expenses were
16 potentially going to eat up much more money
17 than the horsemen had building up in the Race
18 Horse Development Fund.

19 So, as someone who was very active
20 in passage of that legislation, I just wanted
21 to explain where that one to 50 days came from.

22 MR. LAGORIO: Might I add something?
23 The premise that we could not afford to lease
24 the racetrack through the HBPA, the numbers

1 were what the numbers were. The horse count,
2 we can argue back and forth all day. We all
3 believe that if you give people days and you
4 give people purses, they will come. We would
5 have had sufficient horses.

6 It just boils down to what is the
7 benefit of the three days? And when we look at
8 a group like Stronach, they're not looking to
9 borrow money from the Race Horse Development
10 Fund. They're looking to come in and try to
11 lease and operate.

12 And then we'd be able to fully
13 utilize the Race Horse Development Fund for its
14 intended purpose which is purse money and purse
15 money alone. Not for expenses, not for
16 administrative costs, but solely for purse
17 money, which would in turn make the industry
18 come back.

19 CHAIRMAN CROSBY: Well, it seems to
20 me that the problem, Commissioner McHugh,
21 you're talking about a reasonable deal that's
22 an economically attractive deal to the parties.
23 The problem is that the parties' interests
24 aren't the same.

1 And the critical variable here is
2 the simulcast license. That's the critical
3 variable in the negotiations, the critical
4 leverage point in the negotiations, the
5 critical value in the negotiations.

6 So, how that -- So, who we give that
7 leverage to is the question here. That's not
8 the business we want to be in. We're trying to
9 figure out what's in the long-term in the best
10 interest of the industry.

11 But I think you can hear that we are
12 reluctant to grant a minimal number of day
13 license. On the other hand, the Legislature
14 left that as a possibility. They didn't have
15 to. They could have said 10 to 50 or 25 to 50.
16 The Legislature said one to 50. So, they set a
17 pretty low bar.

18 But from the standpoint of Suffolk
19 Downs, every day that goes by they get their
20 simulcast money and we're not probably going to
21 at least try to take it back if the race
22 doesn't happen. So, if anybody who has watched
23 this I think would understand that we would be
24 very, very interested in a bigger deal if a

1 bigger deal could be made.

2 We don't want to prejudice anybody's
3 interest pro or con. We want to try to figure
4 out what's in the long-term best interest of
5 the industry in a very difficult and
6 challenging circumstance for everybody.

7 So, everybody who's watching knows
8 that's where we're coming from. And although I
9 hate to delay things, I am sort of inclined to
10 agree with Commissioner Cameron that if there's
11 something to be done out there, it can't any
12 longer be your characterizations of
13 conversations, which never get materialized in
14 anything solid. We've got to be at the end of
15 that.

16 But I would be inclined to go along
17 with Commissioner Cameron saying let's give it
18 at least a couple of weeks and see whether or
19 not there truly is an alternative. Dr.
20 Lightbaum said if the only alternatives are no
21 live racing or three days, her recommendation
22 would be three days.

23 But I for one would like to know
24 whether there is a viable option out there. I

1 don't see the loss if we let another couple of
2 weeks go by.

3 COMMISSIONER MCHUGH: Two weeks is
4 two weeks, but we've been doing this two weeks
5 by two weeks for a long time. And I really
6 have to wonder about the premise on which
7 you're proceeding.

8 It seems to me inconceivable that
9 Suffolk Downs would be willing to do a deal
10 with anybody that would somehow net them less
11 money than they are getting from the simulcast
12 now. That just doesn't make any sense.

13 So, whether it's two weeks from now
14 or tomorrow, somebody has got to come in and
15 show somehow an economically better feature or
16 at least an economically equal feature if
17 they're going to get in there at all.

18 And I don't see why that kind of
19 discussion can't go on if we say you've got the
20 day or three days of racing. That's going to
21 give you the license for the rest of the year.

22 It seems to me to put our thumb on
23 the scale of an industry that's been losing
24 money for years in an effort to cause an

1 outcome that's going to continue to have it
2 lose money doesn't make any sense.

3 CHAIRMAN CRSOBY: I don't follow
4 that.

5 COMMISSIONER MCHUGH: Maybe I don't
6 understand what the goal of waiting two weeks
7 is.

8 MR. LAGORIO: Might I add something,
9 Commissioner?

10 COMMISSIONER ZUNIGA: There's a
11 wildcard, which is something that the
12 Legislature already did in the form of throwing
13 a lifeline to the industry and that's the Horse
14 Race Development Fund.

15 COMMISSIONER MCHUGH: I know that.

16 COMMISSIONER ZUNIGA: And the deal,
17 whether it could happen in two weeks that's a
18 separate matter. And I get that. But the
19 potential deal could come before us very
20 differently in terms of the monies request for
21 those purses.

22 COMMISSIONER MCHUGH: But the Horse
23 Race Development Fund has been there for years.

24 COMMISSIONER ZUNIGA: No.

1 COMMISSIONER MCHUGH: That's right,
2 it hasn't been. There's been a supplement
3 for --

4 COMMISSIONER ZUNIGA: No, no. When
5 the licensing fees from the casinos came there
6 was a lot of money that funded them.

7 COMMISSIONER MCHUGH: That's right,
8 but there's been other supplements before that.

9 COMMISSIONER ZUNIGA: That come out
10 of the live racing operations, yes. There's an
11 incremental money that now is being funded with
12 the slots parlor nine percent and etc.

13 COMMISSIONER MCHUGH: Right. I get
14 it.

15 CHAIRMAN CROSBY: Any other
16 thoughts? We have a proposal on the table from
17 Commissioner Cameron. Does anybody else want
18 to weigh in on that?

19 COMMISSIONER STEBBINS: I just have
20 one more legal question on the criterion in
21 which we can consider the application in
22 reading it under 128A is the criteria of the
23 maximization of state revenues, which certainly
24 comes into question if we're looking at

1 revenues maximized to the state with a three-
2 day racing schedule as opposed to days more
3 than that up to 50 as the law allows.

4 That could mean in terms of Mr.
5 Barnett's argument that they are meeting the
6 criteria that's one of the criteria for us to
7 consider in the application in addition to the
8 safety of the track and other things.

9 So, maximization of state revenues
10 is a little bit different between three days
11 and 50.

12 CHAIRMAN CROSBY: That's the
13 criteria that we don't know that's being met
14 now. We don't know. We're hearing that this
15 may well not maximize revenues and we're just
16 hearing words about it. But that is the
17 criteria that cannot be sure is met. At least
18 a criteria we cannot assure is met.

19 COMMISSIONER STEBBINS: And just for
20 clarification, your conversations with the
21 Stronach executives, because I want to be clear
22 on what you said when you expressed their
23 thoughts or their opinions is the Race Horse
24 Development Fund, the purse money is nice but

1 it's not a necessity, if I can paraphrase that.

2 MR. LAGORIO: Yes, those are the
3 exact words. You have a Race Horse Development
4 Fund. That's wonderful but they understand
5 that five years down the road maybe 10 percent
6 of that is moved somewhere else or the state
7 has a deficit and they're looking at taking
8 that money.

9 And the models that they've set at
10 their tracks, they make the tracks stand on
11 their own two feet. And the tracks are
12 profitable without gaming. And they make that
13 clear. If you read their philosophies and
14 their corporate philosophies, they make the
15 racetrack stand on its own two feet.

16 And using the simulcasting and
17 maximizing that by bundling what they have
18 available with their major racetracks, they're
19 able to optimize all of the simulcast revenues
20 where there's such a stream of cash.

21 For example, just quickly money
22 wise, if Suffolk Downs is running and say
23 there's just a few people there, but if they do
24 using their signal say they do \$2 million that

1 day off-track, other tracks betting on
2 Suffolks' signal, at nine percent you're
3 dealing with \$180,000 that could be split
4 between the management and the horsemen.
5 That's \$90,000 for purse money that day.

6 So, they make it work. They don't
7 want to hear about Race Horse Development Fund
8 money. They said it's wonderful if you have
9 it. It'll certainly augment the purses, but
10 that's not the driving force for our interest
11 in racing. It's a racetrack and that's what
12 they're interested in, solely a racetrack.

13 COMMISSIONER STEBBINS: But correct
14 me if I'm wrong, from what I read, Stronach
15 does have some facilities that do operate in
16 conjunction with casinos.

17 MR. LAGORIO: They do. But for
18 example at Laurel right now, they're over there
19 working on the idea that they could lose that
20 and they are making it work otherwise.

21 But they do have facilities that do
22 have gaming, but those tracks are able to use
23 the numbers they have make it without the
24 gaming.

1 And their interest here is real.
2 And their interest has not on coming if there's
3 a casino. Like they did, for example, over in
4 Florida at Calder, they went in, and while Twin
5 Spires was operating a casino, took control of
6 the racetrack. They're interested in the horse
7 racing end of it.

8 So, they would take it and operate a
9 racetrack separately and make it work. And
10 that's what they pride themselves on.

11 AUDIENCE MEMBER: Excuse me. As a
12 breeder, may I respectfully ask several minutes
13 to speak? They have been very under
14 represented.

15 COMMISSIONER CAMERON: No. This is
16 not a hearing, Sir. We had a hearing and we
17 did hear from you.

18 CHAIRMAN CROSBY: There's an
19 opportunity for you to follow up. You can tell
20 us what - You can submit your comments to us
21 afterwards or if we have a hearing you can
22 appeal to us, but not now. This is just a
23 private conversation -- not a private
24 conversation, but a limited conversation on

1 this application.

2 The issue about whether they stand
3 alone or not is interesting but not really at
4 the point. I wouldn't take at face value these
5 assertions that anybody who says we don't need
6 the Race Horse Development Fund is crazy in my
7 mind. But that's not the point here.

8 The point is there a viable
9 alternative that can happen. That's the
10 question.

11 I guess now the question is do you
12 want to make a motion? Is there anybody else,
13 other discussion have?

14 COMMISSIONER ZUNIGA: I just support
15 the notion that if there's anything to explore
16 that would be worthwhile, whether it's two
17 weeks or more, frankly that window is closing
18 slowly but surely, I think it would be
19 worthwhile. And I don't think it'd be
20 prejudicial to Suffolk Downs because they
21 continue to simulcast.

22 I get the notion about incentives
23 and I'm intrigued by the interest however much
24 of that may be of the Stronach people. So, if

1 that's going to be the motion, I will be in
2 support of waiting a little bit more time.

3 COMMISSIONER CAMERON: And I thought
4 two weeks. We do have to make this decision.
5 And I think it's only fair to the licensee that
6 we don't wait another month, frankly. But I
7 think two weeks where this is a new -- And
8 there is so many feelings around these issues.
9 We're trying to be fair to everyone involved.

10 And I think two weeks would be
11 appropriate. If it can't happen by then, I'll
12 be prepared to make a decision two weeks from
13 now. That would be my one thought that if
14 there is an opportunity two weeks, and then it
15 would certainly have to be something for
16 another year after that.

17 COMMISSIONER STEBBINS: If we agree
18 to go with tabling this for two weeks, at some
19 point I do want to get back to the question of
20 kind of the breakdown of the request from the
21 Race Horse Development Fund.

22 COMMISSIONER CAMERON: Okay. So, I
23 move that we table this license application for
24 two weeks. And we will bring it back before us

1 August 6.

2 COMMISSIONER ZUNIGA: I second that.

3 CHAIRMAN CROSBY: Discussion?

4 COMMISISONER MCHUGH: I don't see
5 what's going to happen in two weeks. We are
6 going to be here in two weeks. And at most,
7 we're going to have a we're interested
8 statement.

9 We heard testimony today that a
10 letter of interest was requested. That didn't
11 materialize. And I don't know what possibly
12 can happen of utility in two weeks.

13 And I also think we're treating this
14 as an either/or situation, which for reasons I
15 discussed before I don't think it is. I just
16 wanted to make that final comment. It sort of
17 telegraphs what I'm going to do next.

18 COMMISSIONER STEBBINS: I just have
19 a question about the motion to table. We're
20 saying we're going to table this for two weeks.
21 Is it your interest in kind of recommending or
22 making a suggestion (1) why are you doing it in
23 two weeks in terms of sending our license
24 applicant direction as to what we expect out of

1 them in two weeks.

2 COMMISSIONER CAMERON: We have
3 information that there is a viable, legitimate
4 corporation who is interested in racing for a
5 longer period of time. Exploring with Suffolk
6 Downs a lease option, I would not in any way
7 say we should be in the middle of expecting
8 anything other than in two weeks for them to
9 have a good-faith opportunity to explore that
10 option.

11 COMMISSIONER ZUNIGA: Doesn't this
12 apply to both placeholder applications, the
13 HBPA and Suffolk Downs?

14 COMMISSIONER STEBBINS: They
15 withdrew their application.

16 COMMISSIONER CAMERON: We have the
17 one application before us.

18 COMMISSIONER ZUNIGA: We only have
19 the one application.

20 COMMISSIONER CAMERON: Correct, yes.
21 And that would be the end of my motion would be
22 just the two weeks to explore that option and
23 be prepared to come back at the point and make
24 a decision.

1 MR. TUTTLE: The only thing I would
2 point out to the Commission is that two weeks
3 will require us to amend our dates request just
4 so that everyone is aware of that upfront.

5 CHAIRMAN CROSBY: Further
6 discussion? All in favor, aye.

7 COMMISSIONER CAMERON: Aye.

8 COMMISSIONER ZUNIGA: Aye.

9 COMMISSIONER STEBBINS: Aye.

10 CHAIRMAN CROSBY: Opposed?

11 COMMISSIONER MCHUGH: No.

12 CHAIRMAN CROSBY: The ayes have it
13 four to one. Thank you folks. I suggest we
14 take a quick break.

15
16 (A recess was taken)

17
18 CHAIRMAN CROSBY: I think we are
19 ready to reconvene. Do you have anything that
20 can match that, Dr. Lightbaum?

21 DR. LIGHTBAUM: Hopefully, this will
22 be very short. Right, we can get this one done
23 today.

24 In front of us we've got three

1 different sections of the Racing regulations
2 that today we're going to start the formal
3 process for approving. So, this is just the
4 beginning. And we'll definitely have more
5 comments sections.

6 We posted these, I believe, in April
7 on our website. And we notified all of the
8 people involved, the stakeholders that these
9 were on the Web for their comments.

10 I've met with a few of the
11 stakeholders to get comments and will continue
12 to meet with others to get their comments.

13 CMR 3 is harness horse racing. CMR
14 4 is the flat racing. And then we have a new
15 section general rules CMR 2. And basically
16 what that did was take some of the things that
17 are similar for the two breeds and put them in
18 one section so that it kind of condenses it.
19 We don't have duplicates in the two different
20 areas.

21 A lot of this effort was to bring
22 them in line with RCI. A lot of the rules were
23 the same. It was just a matter of changing the
24 words and things like that, so, it was actually

1 in the RCI format.

2 Again, we've worked on this.
3 Director Day worked on it. Jennifer
4 Durenberger, Danielle Holmes and Catherine Blue
5 all worked on coming up with this. And now
6 we're going to get the comments with the
7 stakeholders again. If you have any questions?

8 COMMISSIONER ZUNIGA: I did mention
9 this to Counsel Blue and I just wanted to
10 mention it here for the record. I personally
11 would be interested in exploring whether there
12 would be any tweaks into the current language
13 with relative to licensing hearings, appeals,
14 just having personally gone through a few of
15 them myself.

16 In general, it occurs to me that the
17 group of horse people that we deal with is a
18 very small group that goes to different
19 jurisdictions. And sometimes the history in
20 another jurisdictions may be pending but gets
21 taken into account everywhere else. And
22 everybody is looking at each other.

23 Anyway, the point being is quite
24 simply after the experience of the appeals that

1 we've read whether there would be a place for
2 us to look at the current regulations, whether
3 it's here or elsewhere. I'm just going to
4 follow up on that afterwards.

5 MS. BLUE: And I think that's a good
6 point. We will look at the hearing section in
7 this reg., only because we haven't looked at it
8 in a little while. And we do have a pretty
9 good new set of hearing rules under the gaming
10 regs. And what we want to do is cross
11 reference them so that we follow the same kind
12 of hearing rules to the extent that's possible
13 here in racing.

14 But there are a couple of other
15 issues that have come up as we've gone through
16 appeals. And I think we should look at the
17 hearing section of this to see if we can
18 accommodate them.

19 So, we can do that while we're going
20 through the comment period. And we can get
21 stakeholder comment on those things as well.

22 COMMISSIONER ZUNIGA: Great.

23 COMMISSIONER CAMERON: Overall, I
24 think this is an excellent document. I love

1 that we're really staying in line with best
2 practices around the country. And I know this
3 document reflects those language changes that
4 will make it easier for us to be in line. So,
5 thank you for the work that's been done. It
6 reads well.

7 DR. LIGHTBAUM: Thank you.

8 CHAIRMAN CROSBY: We need a vote,
9 right?

10 COMMISSIONER STEBBINS: Mr. Chair, I
11 move that the Commission begin the formal
12 public process and publish revised racing
13 regulations for 205 CMR 2, 3 and 4.

14 CHAIRMAN CROSBY: Second?

15 COMMISSIONER ZUNIGA: Second.

16 CHAIRMAN CROSBY: Any further
17 discussion? All in favor, aye.

18 COMMISSIONER MCHUGH: Aye.

19 COMMISSIONER CAMERON: Aye.

20 COMMISSIONER ZUNIGA: Aye.

21 COMMISSIONER STEBBINS: Aye.

22 CHAIRMAN CROSBY: Opposed? The ayes
23 have it unanimously.

24 DR. LIGHTBAUM: Thank you.

1 CHAIRMAN CROSBY: Next is Director
2 Wells. Item (a) is the KG Urban update.

3 MS. WELLS: Yes. So, good
4 afternoon, Mr. Chairman and members of the
5 Commission. Originally, I had anticipated
6 coming before you with a matter related to the
7 investigation.

8 However, as I'm sure the Chairman is
9 aware, we received a letter, which is addressed
10 to Chairman Crosby yesterday indicating that KG
11 New Bedford, LLC is abandoning the Cannon
12 Street project and withdrawing the Phase 1
13 applications of it and its entity and
14 individual qualifiers pursuant to 205 CMR
15 111.05 citing that they are unable to create a
16 viable financing package for the project.

17 So, given that we received this
18 letter, the update I had for the Commission
19 really is a moot point right now. And I would
20 just alert the Commission and the public that
21 we have received this notice and that KG is
22 withdrawing. I have checked with Counsel that
23 the withdrawal is appropriate under the
24 regulations.

1 CHAIRMAN CROSBY: You have checked
2 with Counsel?

3 MS. WELLS: Yes.

4 CHAIRMAN CROSBY: Are there any
5 other steps for us to take, any formalities
6 that we have to do?

7 MS. BLUE: I will check in more
8 detail. I do not believe so. They could
9 withdraw because we had not set a date for
10 hearing at this point. So, they were free to
11 withdraw as they liked.

12 CHAIRMAN CROSBY: Okay.

13 COMMISSIONER ZUNIGA: And for all
14 intents and purposes, you're suspending the
15 investigation that was ongoing?

16 MS. WELL: Yes, that has already
17 taken place.

18 COMMISSIONER MCHUGH: The balance,
19 if there is one, of the application fee that
20 they paid us is nonrefundable.

21 MS. WELLS: That is correct.

22 COMMISSIONER MCHUGH: That's a self-
23 executing thing. I think that the statute and
24 the reg. both say that. Is there anything that

1 we need to do, should do to make sure this is
2 over, particularly given our history? Should
3 we vote to accept formally that withdrawal? Or
4 should we do anything else that signifies some
5 formal action by the Commission on that so that
6 nobody can later say, well, we need a Mulligan
7 here or something?

8 MS. BLUE: I think it would be
9 helpful to vote that you accept their
10 withdrawal. I think that's sufficient at this
11 point. There may be other things we need to
12 consider down the road.

13 COMMISSIONER STEBBINS: I hate to
14 throw out another hypothetical to that but
15 let's say for instance Region C gets opened up
16 again at some point. If they were to be an
17 applicant in a next round, can we just make it
18 clear that it's for this current round of
19 applications for Region C?

20 MS. BLUE: I think you can. I think
21 you addressed that in the past. When you
22 talked about Region C, you talked about prior
23 applicants. I would think in that hypothetical
24 situation, you would probably consider how you

1 treated all prior applicants at that point too.

2 But it wouldn't hurt to clarify that
3 this is applicable to this Region C application
4 period.

5 COMMISSIONER MCHUGH: Now that's an
6 interesting point, because we did have before
7 the rollover of things. So, that if we do
8 move, we might think about moving to accept
9 this withdrawal for all purposes under all
10 circumstances which would require them to start
11 from scratch again if your hypothetical came to
12 pass. That's an option.

13 COMMISSIONER STEBBINS: I was
14 thinking more overly to say for this current
15 Region C application round that we have, we are
16 accepting their withdrawal, I think to get to
17 your point, that they don't come back at
18 another point and say we're back now.

19 COMMISSIONER MCHUGH: Maybe I didn't
20 follow you. In the past we've said if you were
21 an applicant before and you paid your \$400,000,
22 you got to roll over and pursue another license
23 without another application fee. We said that
24 in essence. There's been some qualifications

1 but we've said that.

2 My thought is that if this
3 withdrawal, particularly given this history and
4 all of the extensions and everything else that
5 went into this, we might want to think about
6 saying this is the end of you. And if you want
7 to come back in the future, you start from
8 scratch just like every other applicant.

9 COMMISSIONER STEBBINS: I'm trying
10 to recall when some of those rollovers were
11 granted, were those for applicants who had
12 already gone through the suitability?

13 COMMISSIONER MCHUGH: That may have
14 been.

15 MS. BLUE: No, not all of them.
16 This would be different than what we've done in
17 that past, which is we made that determination
18 at the point of time when we were going forward
19 with a particular round.

20 I think it's appropriate to accept
21 it for this round. I think you may not want to
22 foreclose your options should you do something
23 differently in the future. And at that point
24 you would consider all prior applicants, not

1 just this particular one.

2 COMMISSIONER ZUNIGA: Yes. In the
3 past, we had a future solicitation. We had
4 Region C.

5 MS. BLUE: Yes.

6 COMMISSIONER ZUNIGA: Regions A and
7 B came before.

8 COMMISSIONER MCHUGH: I guess my
9 point and let me just speak plainly. I
10 recognize the good faith and the effort that
11 undeniably was put into this. But this
12 application did extend the process to this
13 point. And I was in favor of extending it on
14 the assertion and the assurance that there was
15 funding there and it could be done.

16 And now that turns out to be untrue
17 for reasons possibly beyond their control, but
18 one way or another they couldn't put the
19 package together. And it seems to me that this
20 is the first time we've had that set of
21 circumstances.

22 And I wonder given that whether we
23 ought to say okay, we bent over backwards to
24 accommodate you. You didn't come through. And

1 if you want to come back, you've got to come
2 back as a brand-new applicant along with
3 everybody else. And even if we roll over other
4 people, we're not going to roll over you. You
5 will have to start from scratch. And I just
6 wonder. I'm not --

7 CHAIRMAN CROSBY: What would be the
8 argument in favor of doing that?

9 COMMISSIONER MCHUGH: That it's a
10 little bit harder to cull them out if we are
11 creating a brand-new round and opening it up to
12 everybody and saying okay, everybody but you
13 now on reflection is going to have to start
14 from -- is going to get the benefit of a
15 rollover if you paid the fee before.

16 It's easier to do it right now when
17 we have one entity before us and one set of
18 circumstances than I think it would be later
19 on.

20 COMMISSIONER ZUNIGA: I get that.

21 CHAIRMAN CRSOBY: Why would we want
22 to single -- This is not rhetorical. Why would
23 we single out one applicant to say that unlike
24 other applicants who have put in their \$400,000

1 but not gone forward or not been successful,
2 you could not behave the same way all those
3 other ones could. You don't have the same
4 range of options.

5 COMMISSIONER MCHUGH: I think that
6 the premise of all of this, there was a vote.
7 We never had anybody in a position like this.
8 There was a vote. There were multiple
9 extensions based on representations that they
10 had the money, were putting together the plan.

11 The last plan that they filed was
12 that they had a landlord and that they were
13 going to finance the rest of it themselves.
14 That was a representation to us that had them
15 going forward.

16 And I assume that they had a basis
17 for doing that. I assume that. But it turned
18 out to be apparently a very shaky basis because
19 it didn't come forward.

20 So, now we've had a city get all
21 wrapped up in this. A mayor come around from
22 a position where he was dubious but got
23 convinced to go forward with this. An election
24 that got people out and exercised about this.

1 And it seems to me that if this entity comes
2 back again, this entity ought to start from
3 scratch unlike other entities that have gone
4 through the process and been unsuccessful and
5 withdraw after these votes and after all of
6 this other stuff had happened. And it seems to
7 me this puts them in a different category. At
8 least I put that out for discussion.

9 COMMISSIONER ZUNIGA: I think that's
10 a very intriguing thought.

11 COMMISSIONER STEBBINS: As a first
12 step, let's merely accept that they have
13 withdrawn from this current round and will not
14 be allowed to come back to us before the
15 deadline for the RFA-2 application to try to
16 get back in the door. I'm not saying that
17 would or would not happen, but I think to
18 Commissioner McHugh's point and the Chairman's
19 point, accept the withdrawal and kind of not
20 put ourselves in a position to entertain that
21 question or that request for this round.

22 CHAIRMAN CROSBY: I think they
23 wouldn't have written the letter they wrote if
24 they thought they -- They can't make this

1 happen in their judgment. So, we're probably
2 talking about an extreme hypothetical.

3 But if somebody called them up
4 tomorrow and said I'll finance the deal and it
5 was a real person real money, I would say, we'd
6 want to consider whether they could go forward
7 if they can meet the September 30 deadline.
8 I'd want to be able to think about it. I don't
9 see why we should make a point of saying now
10 you can't come back in.

11 MS. WELLS: Chairman Crosby, my only
12 comment on that is the Commission has set that
13 deadline. And I had suspended the
14 investigation prior to this based on some
15 information in another week. I can't meet that
16 deadline now.

17 CHAIRMAN CROSBY: The September 30
18 deadline.

19 MS. WELLS: Correct. I do not see
20 as a realistic possibility that they could come
21 back in later and then we could finish the
22 investigation and could meet all of your
23 deadlines.

24 CHAIRMAN CROSBY: I'm saying I think

1 this is extraordinarily unlikely, but what is
2 the benefit? I don't see what the benefit is
3 in precluding any other options that we can't
4 anticipate. We might very well say sorry, it's
5 too late. If they did come up with something,
6 we might say it's too late. Why would we
7 preclude ourselves from considering whatever
8 might happen at this point?

9 COMMISSIONER ZUNIGA: I just think
10 we have too many hypotheticals here. I just
11 don't see us listening to what both the market
12 and the applicant are plainly telling us that
13 they are not.

14 COMMISSIONER MCHUGH: So, we just
15 say we accept it.

16 COMMISSIONER ZUNIGA: What is wrong
17 with accepting what they are telling us? I
18 mean, I got girlfriends who broke up with me.
19 You just have to accept it when they tell you.
20 No relation to any of this.

21 We just simply have to accept what
22 people tell you.

23 COMMISSIONER CAMERON: I agree we
24 just accept this at face value. We accept this

1 at face value, which means they are precluded
2 from this entire round. And there is no coming
3 back before September 30.

4 I think we've given them lots of
5 opportunities. We've been fair. We are
6 accepting this now. And I'd be inclined to
7 just do that at this point.

8 CHAIRMAN CROSBY: I thought you were
9 saying -- I thought Commissioner Stebbins said
10 let's just accept it period, not add anymore
11 amendments to it. But then I thought you said
12 you do want to add amendments to it.

13 COMMISSIONER CAMERON: No, no.
14 Accepting it means they've withdrawn from this
15 process which ends September 30. So, they have
16 withdrawn from this process so they don't have
17 an ability to get in before September 30. They
18 have withdrawn from this particular Region C
19 process.

20 So, I think this precludes them from
21 coming back as you hypothetically pointed out a
22 week from now.

23 CHAIRMAN CROSBY: So, you're saying
24 that simply accepting their letter precludes

1 them, because they're precluding themselves.

2 COMMISSIONER CAMERON: Yes. That's
3 how I read this and that's how I would
4 interpret this.

5 COMMISSIONER STEBBINS: That was my
6 intent. But I think to Commissioner McHugh's
7 point, if at some point we find ourselves
8 having another application phase, I think we
9 could address his concern at that point.

10 CHAIRMAN CROSBY: I'm fine with
11 that. If that's what the letter says that's
12 fine with me.

13 MS. WELLS: I do note for the record
14 Attorney Conroy is here just as a courtesy to
15 the Commission. But I don't believe there's
16 any matters to address on behalf of the
17 applicant.

18 CHAIRMAN CROSBY: Okay. Any further
19 discussion? So, does somebody want to move?
20 Commissioner Stebbins?

21 COMMISSIONER STEBBINS: Mr.
22 Chairman, I move that the Commission accept the
23 letter dated July 22 by KG New Bedford, LLC
24 thereby informing us that they are abandoning

1 the Cannon Street project and withdrawing their
2 Phase 1 application for the Region C license.

3 CHAIRMAN CROSBY: Second?

4 COMMISISONER CAMERON: Second.

5 CHAIRMAN CROSBY: Further
6 discussion? All in favor, aye.

7 COMMISSIONER MCHUGH: Aye.

8 COMMISSIONER CAMERON: Aye.

9 COMMISSIONER ZUNIGA: Aye.

10 COMMISSIONER STEBBINS: Aye.

11 CHAIRMAN CROSBY: Opposed? The ayes
12 have it unanimously. So, I guess the next
13 question is, this was not quite on your agenda
14 but since we got this last night, we couldn't
15 have anticipated obviously when we set up our
16 agenda. So, there's a question about what if
17 anything do we need to talk about, do we need
18 to do?

19 At the moment, we're on a process.
20 We do have an applicant. We're on a schedule.
21 I think they've qualified, right?

22 MS. WELLS: That's right. They've
23 been found suitable.

24 CHAIRMAN CROSBY: They've been found

1 suitable. Do we want to do anything else other
2 than continue down the road that we're on?

3 COMMISSIONER CAMERON: I think it
4 could be something we could consider. We could
5 have staff talk to the one applicant left to
6 hear any concerns they may have, any requests
7 they may have. I think that that could be an
8 important piece moving forward here.

9 It's a little unique to have one
10 applicant. And there has been lots of -- This
11 letter alone points out some of the risks. So,
12 I would think that they may want to talk to
13 staff about this. And I think that may be an
14 important piece of information for us to have.

15 CHAIRMAN CROSBY: You mean are they
16 still in? Is that what you're getting at?

17 COMMISSIONER CAMERON: No. I think
18 they're in. I just didn't know if staff -- Now
19 that this is a development, is the schedule
20 just what it is? Well, we eventually talk
21 about a different schedule because of the one
22 applicant.

23 I just thought maybe staff could
24 have those conversations and just find out if

1 there are any questions of us or something we
2 should be considering that we haven't,
3 something along those lines.

4 COMMISSIONER MCHUGH: I think the
5 general directive to staff to talk is great.
6 But we haven't posted this issue. We couldn't
7 anticipate the withdrawal letter. So, we've
8 acted on that. But I think going any further
9 without having it on the agenda is unwise.

10 CHAIRMAN CROSBY: That's part of
11 what I'm asking is there anything that we
12 should have going on so that we can get it on
13 the agenda?

14 COMMISSIONER MCHUGH: Have staff
15 think of what's next and talk to the applicant
16 and come up with an agenda item.

17 COMMISSIONER ZUNIGA: Which they do
18 on a regular basis for everything else with our
19 Ombudsman, our Director, Executive Director,
20 Counsel.

21 MR. DAY: In addition, we have
22 forwarded them the RFA-2 application. And when
23 we forwarded that application, we also offered
24 the chance and would plan to meet with them to

1 go over any questions they may have just as a
2 natural step.

3 COMMISSIONER MCHUGH: Sure. And
4 that's just part of the normal process that
5 would go forward, right.

6 MR. DAY: Yes.

7 COMMISSIONER STEBBINS: Let's also
8 keep in mind, Commissioner Cameron raised the
9 point, we did have one other region that ended
10 up being only one applicant. And we did
11 complete a very thorough and detailed review of
12 their RFA-2 application and we still awarded a
13 license.

14 But the letter today certainly may
15 make some distinguishing scenarios between that
16 application process and this application
17 process.

18 CHAIRMAN CROSBY: I think we would
19 sort of welcome any comment from the public
20 that anybody has about this. Like we always
21 do. We'll be setting our agenda. We still
22 have a week or so before we start to firm up
23 the agenda for two weeks out. So, if anybody
24 has got comments or suggestions or ideas,

1 please get them to us. Okay.

2 MS. WELLS: The second item on the
3 agenda under the IEB section is just the update
4 of temporary licenses that have been issued are
5 two gaming employees, Andrew Plante, Director
6 of Security at the Plainville Gaming and
7 Redevelopment facility and David DiOrio, a Slot
8 Operations Assistant Shift Manager at the
9 Plainville Gaming and Redevelopment facility.
10 That update is in your packet as well. That's
11 all I have for the Commission this afternoon.

12 CHAIRMAN CROSBY: Anything else for
13 Director Wells? It's 12:30. Shall we convene
14 at 1:30, 1:00, 1:15? 1:15, all right we will
15 reconvene at 1:15.

16
17 (A recess was taken)

18
19 CHAIRMAN CROSBY: Ladies and
20 gentlemen, we will reconvene public meeting 158
21 at about 1:15, 1:20. We will go to item number
22 five on the agenda, Executive Director Day, an
23 administrative update.

24 MR. DAY: Good afternoon, Chairman

1 Crosby, members of the Commission. I just have
2 a couple of items on the general update. In
3 early September, we plan to move forward with
4 an agency wide after action review.

5 In this process, we want to identify
6 new ideas, what has gone well, what may have
7 been a weakness over the last fiscal year with
8 particular focus on Plainridge Park Casino
9 opening, by the way.

10 Our objective is to generate new
11 ideas, strengths and weaknesses. We want to be
12 sure that we keep what is working and take
13 action to eliminate such weaknesses. The
14 review is intended to include any agency copy
15 including regulations, regulatory policy,
16 technology, knowledge gaps, workforce,
17 training, education, on the job experience,
18 administrative policy and staffing.

19 We also want to ask ourselves if
20 there were things we were worried about but
21 didn't materialize and what are the odds those
22 might come up this next time around.

23 COMMISSIONER MCHUGH: Things not to
24 worry about?

1 MR. DAY: Yes, not to worry about.

2 COMMISSIONER MCHUGH: I hope we have
3 lots of those.

4 MR. DAY: We will set priorities,
5 establish appropriate workgroups and assign
6 each of the groups the responsibility to
7 develop solutions and identify issues. This
8 review, when we're done, will form the
9 foundation for our preparations for Region A
10 and B casinos, which will be a huge difference
11 for the Commission as it goes into those size
12 of facilities.

13 In addition, another topic, we have
14 been notified that Mass IT is providing us with
15 a great opportunity to switch to a system
16 called MassVault. It will automatically retain
17 and store our emails. In addition, the system
18 will also provide us the ability to search and
19 hold emails as necessary. It is our
20 understanding as well that this MassVault
21 system will eventually go to all agencies in
22 state government will utilize the same system.

23 With that that's just a couple of
24 administrative points. But I would also like

1 to note that the next item on our agenda, we
2 have Jack Rauen from Penn National. And Dane I
3 see is calmly sitting in the back.

4 You might recall that these two
5 gentlemen have been with us on reporting for
6 probably a little over a year now. I think
7 this is probably Jack's last time will be
8 before the Commission to update you on the
9 status of the Plainridge Park Casino Project.

10 And with that Jack --

11 CHAIRMAN CROSBY: You're going
12 really miss us, won't you Jack?

13 MR. DAY: Jack, it's been a pleasure
14 working with you.

15 MR. RAUEN: And you as well.

16 MR. DAY: And we wish you the best
17 on your next challenge.

18 MR. RAUEN: Thank you very much.

19 CHAIRMAN CROSBY: The project you've
20 described is really exciting project, really
21 great thing. I'm glad you're on top of that.

22 COMMISSIONER ZUNIGA: Two projects.

23 CHAIRMAN CROSBY: Two projects,
24 right.

1 MR. RAUEN: Picking up on Rick's
2 note, gosh this is my three or four, maybe the
3 fifth time now for this. And I must tell you,
4 it's been an absolute pleasure and a privilege
5 to be Penn's spokesman on this project. Each
6 and every time I get a little more comfortable
7 with this. You guys have made it a very
8 comfortable forum. So, I thank you for that.

9 And I will definitely -- You've made
10 this a very comfortable forum for me. And I
11 think I've gotten a little better each time.
12 So, thank you for that. And I'll give you the
13 highlights.

14 So, this is the quarterly report as
15 of June 30. I don't see it on the sheet, but
16 there is usually a photo below. There you go.
17 The first highlight I'll point out to you, and
18 I will move quickly through this report because
19 a lot of the information you know, and you've
20 obviously visited us many times recently with
21 the opening.

22 But the first thing on the cover
23 page is the rendering is gone. And there's an
24 actual picture.

1 COMMISSIONER MCHUGH: That's a huge
2 milestone.

3 MR. RAUEN: The past couple of
4 quarters we've said we've got to get rid of the
5 rendering. But we had to replace it with
6 something better, and it didn't come together
7 until the end. The last one we at least have a
8 real picture.

9 The first highlight I wanted to draw
10 your attention to is on Appendix 2. We've
11 talked about LEED several times. During the
12 second quarter, we received notification from
13 the U.S. Green Building Council that we
14 received 38 points in the design phase of our
15 project. We submitted 38, we got all 38.

16 It's better than we expected, but it
17 puts us a on a solid path going into the
18 construction phase. And we are presently
19 preparing that submission to go to USGBC.
20 It'll probably take another two months or so to
21 do. But going into it with 38 points out of
22 the design phase, we are highly confident that
23 gold is going to be our end result.

24 On Appendix 4, this section reflects

1 the closure of our construction period
2 schedule, which as you know we hit pretty much
3 spot on. There's a series of photos that show
4 you different completed views of the interior
5 and exterior. We are obviously pleased with
6 the construction and the fit-out work.

7 And the end result I think is
8 largely captured in these pictures. We ended
9 up with a bright, vibrant, colorful, exciting
10 facility. And that's what we always intended.
11 We couldn't be happier with the outcome.

12 There's also some exciting pictures
13 of our offsite roadway improvements. You've
14 been with us through all of the trial and
15 tribulations, but actually we are very happy
16 with the outcome of that work.

17 The first day was a challenge. They
18 always are. Since then, the feedback from
19 State Police, feedback from Plainville Police
20 has been that traffic has just worked very well
21 open at our peak times.

22 COMMISSIONER MCHUGH: At your peak
23 times?

24 MR. RAUEN: Even at our peak times.

1 While they weren't the largest dollar
2 improvements, they seem to have had the
3 intended good impact.

4 On Appendix 5, I think there was a
5 late addition to your package. Just this
6 morning I gave Rick the financial certification
7 letter from our CFO. The timing of things was
8 such that our earnings call was this morning.
9 And we couldn't release the financial letter
10 until then, but you should have it now.

11 And it has the standard information.
12 But I will draw your attention to the fact that
13 total project cost between our last report to
14 you which was \$250 million, and today we are
15 reporting \$258.8 million in total project
16 costs.

17 The \$8.8 million increase from last
18 time is isolated in two areas. It is the
19 actual, the final actual accounting for our
20 pre-opening operations costs and the final
21 amount of cash put into cage and the supporting
22 operation. So, that's the only change that
23 took us from \$250 to \$258 million.

24 On Appendix number 8, this is the

1 standard information we give you on the
2 construction workforce. And this particular
3 report reflects the final construction results
4 on diversity.

5 Just to point out a couple of
6 highlights, we ended up with about 432,000
7 direct work hours onsite. And while we fell a
8 couple of points short on the woman
9 participation goal, the overall results for
10 minorities, women and veterans exceeded the
11 plan.

12 We are pleased with the results
13 we've had all along. We are pleased with the
14 final results. And we acknowledge the hard
15 work by Turner and their various subcontractors
16 to create the results that were achieved.

17 CHAIRMAN CROSBY: That's great.

18 COMMISSIONER MCHUGH: Just out of
19 curiosity, on the 400 -- did you have a
20 prediction as to how many hours this would
21 require?

22 MR. RAUEN: I didn't. I will look
23 that up.

24 COMMISSIONER MCHUGH: That's an

1 extraordinary number of hours. And if you put
2 a dollar figure on it, it's a huge amount. I
3 just wondered because I marvel at how a lot of
4 this is projected and predicted.

5 MR. RAUEN: I think that Turner --
6 That precise one I don't know, but I will tell
7 you that the number of peak workforce was
8 always estimated at about 300-350 and they
9 couldn't have been more accurate. That's where
10 we ended up.

11 They also said that we'd end up with
12 about 1200 workers on the site during the
13 course of the project. And I think what report
14 here is 1150. So, certain of their assessments
15 early on did come true. That particular one I
16 don't know. I'll look that up.

17 COMMISSIONER MCHUGH: That's
18 interesting.

19 MR. RAUEN: On Appendix number 9,
20 this is the final results for the construction
21 contracting diversity. And as we've been
22 pleasantly reporting to you all along, we've
23 exceeded the plan goals. For each MBE, WBE and
24 VBE at the end of the day here, and this is the

1 final accounting, 32 percent of the project
2 direct construction went to M, W and VBE
3 companies.

4 The final results are \$31 million
5 worth of diversity commitments, of which 84
6 percent of that has been paid as of June 30.
7 And the rest will be paid out as part of the
8 closeout.

9 On Appendix number 10, there's
10 various information on here. I wanted to draw
11 your attention to where we stand currently on
12 the occupancy certificate from the town of
13 Plainville.

14 Back on June 19, we got a 30-day
15 temporary certificate of operations for all
16 areas from the town. There were normal
17 conditions attached to that monitoring of
18 building systems and things along those lines
19 that were attached to the temporary CO.

20 We've made good progress over the
21 past month of addressing those concerns.
22 Earlier this week, the town extended the
23 temporary certificate of operations until
24 August 18. And they are now in doing their re-

1 inspections. Those things are going very well.
2 And we would expect a full CO before August 18.

3 COMMISSIONER MCHUGH: That's great.

4 MR. RAUEN: Appendix number 12 --
5 Oh, I'm sorry. One other thing on Appendix
6 number 10 is we received a substantial
7 completion letter from MassDOT back on June 18
8 for the improvements we did. They have one
9 more inspection to make that's scheduled for
10 Monday the 27th.

11 And on that day, they will do the
12 final inspection of the signals and all of the
13 other work done so that they essentially then
14 take possession of those improvements. They
15 become dedicated to MassDOT.

16 On Appendix 12, this is the final
17 results for our fit-out diversity program. And
18 much like the other areas, we ended up
19 exceeding the overall goals for M, W and VBE
20 suppliers. This is non-construction.

21 And at the end of the project, 36
22 percent of all of the fit-out went to minority,
23 women and VBE supplier organizations. That
24 turned out to be about \$5.5 million of which 77

1 percent of that has been already paid with the
2 balance of that to paid as we close out the
3 project.

4 COMMISSIONER STEBBINS: Jack, what
5 percentage of the vendors involved in the fit-
6 out are going to have kind of an ongoing
7 business relationship with Penn? Do you happen
8 to know?

9 MR. RAUEN: I think a good number of
10 them were project related, but some should
11 carry on. Good question. I'll follow up on
12 that.

13 I think that's it in terms of the
14 report itself. Happy to answer any questions.
15 I did have a couple of other comments to make,
16 but that's pretty much it on the report. Happy
17 to answer any other questions.

18 COMMISSIONER ZUNIGA: I have one and
19 you hopefully will recall this. If you could
20 refresh my memory, during the construction
21 phase, there were two minority contracts let
22 out for electricity and mechanical if I
23 remember that were a subcontractor that was a
24 minority, correct?

1 MR. RAUEN: They were two very large
2 ones. One was I think Coughlin was the
3 electrical contractor and I believe Cox was a
4 veteran enterprise, if I remember.

5 COMMISSIONER ZUNIGA: Right. And
6 those are counted in the subcontracts piece or
7 the workforce piece?

8 MR. RAUEN: Well, the dollars
9 related to their contracts are in the
10 subcontracting piece. Their workers are
11 captured in the workforce. One tracks dollars.
12 The other one tracks people.

13 COMMISSIONER ZUNIGA: Yes. Good. I
14 just remember those being very important and
15 clearly critical I would argue in achieving the
16 goals that you did achieve.

17 MR. RAUEN: No question. They were
18 both contracts between I think \$6 and \$8
19 million dollars. And that certainly helped our
20 results. And at the end of the day, both of
21 those firms performed very well.

22 COMMISSIONER ZUNIGA: Yes.

23 COMMISSIONER STEBBSIN: Jack,
24 another quick question as we're talking about

1 this kind of after action review that involves
2 Penn. Would you have a good sense or should we
3 consider inviting in Turner to talk about
4 different challenges they ran into in terms of
5 the MBE, WBE and VBE participation in terms of
6 helping us understand hurdles or challenges or
7 obstacles that might have been in the way of
8 some of the different firms that you didn't end
9 up doing business with? Who would have a
10 better sense of that you or Turner?

11 MR. RAUEN: We'd be glad to
12 participate. I've always told you that. I
13 think Turner would have a lot to say on that
14 subject. They were the ones that did the work.
15 They were the ones that drove the results. So,
16 I would certainly involve them.

17 COMMISSIONER STEBBINS: Okay.

18 CHAIRMAN CROSBY: It's an
19 interesting point, Commissioner Stebbins. I
20 was thinking as Director Day said, we're going
21 to be taking a hard look at everything we do.
22 This is an opportune moment for us to kind of
23 review our own systems and practices and on and
24 on.

1 And I would more than welcome any
2 thoughts formal or informal. Maybe it's not a
3 bad idea to invite Penn into one or more of the
4 discussions. Because we might not agree with
5 everything you say, but we're really looking
6 for constructive criticism and how we can do
7 things better.

8 So, if you've got any ideas like
9 that that you'd be willing to share,
10 particularly the criticism area, constructive
11 criticism things that in your judgment that we
12 could do differently or better in any area that
13 you would like us to hear. I would really
14 welcome that.

15 MR. RAUEN: Pretty much with every
16 project we do, we do what Rick is describing
17 for your next steps. We sit down between our
18 design consultants, us at Penn and our
19 operations people and say how did we do? What
20 worked? What didn't work? And every time --
21 There's some commonalities, but generally we
22 learn some lessons every time and we did here.
23 We'd be glad to participate.

24 But I think there it's not just

1 construction, it's also Lance and his team
2 because they certainly have a ton of
3 interaction with your staff regularly.

4 CHAIRMAN CROSBY: Right, agree.
5 Anything else? Anybody else questions?

6 COMMISSIONER STEBBINS: You going to
7 miss the weather?

8 MR. RAUEN: Not this winter I won't.

9 CHAIRMAN CROSBY: Where do you go
10 next?

11 MR. RAUEN: That's a good question,
12 Mr. Chairman. I don't know. Usually at Penn
13 National we have a plethora of projects. In
14 this case, there's a little bit of a break.
15 But I've been with Penn 14 years now, and there
16 has never been a quiet day.

17 So, while you may not see the next
18 project immediately, I've learned that there's
19 always a Tropicana or something right around
20 the corner for us. But thank you. It's been a
21 pleasure and you really have made this a very
22 comfortable venue for us to come and talk. And
23 I thank you for that.

24 COMMISSIONER MCHUGH: I want to just

1 thank you back, because it's always been a
2 pleasure for me and I think for all of the
3 other Commissioners to listen to you. You're a
4 no-drama guy.

5 It began at the beginning when you
6 first came here and we were experimenting with
7 the supervision of the able folks from Pinck
8 were giving. And the Chairman asked you is
9 that really helpful or is it a pain in the neck
10 and your answer was yes.

11 And it's been the same way every day
12 since. So, the hoopla was on June 24. And
13 this is sort of a punctuation mark at the end
14 of that. So, thank you for the succinct and
15 able job you've done --

16 MR. RAUEN: Always tried.

17 COMMISSIONER MCHUGH: -- and the way
18 you've interfaced with Rick to pull this thing
19 off and get it in on time and open the way it
20 was.

21 MR. RAUEN: It has worked out very
22 well, especially interacting with Rick and the
23 staff. Couldn't have asked for better. Take
24 your time on the next guys.

1 COMMISSIONER CAMERON: I know you'll
2 miss that Plainville Holiday Inn.

3 MR. RAUEN: I think they'll miss me
4 more than I'll miss them. Thank you very much.

5 CHAIRMAN CROSBY: See you later.
6 Thank you, Jack. Okay. That's the end of
7 Director Day, now General Counsel Blue.

8 MS. BLUE: I think I will defer to
9 Deputy General Counsel Grossman on this
10 regulation.

11 MR. GROSSMAN: Good afternoon. We
12 are here to revisit 205 CMR 139, which is the
13 disclosure and reporting regulations.

14 Just by way of review and
15 background, this was heard at a public hearing
16 on April 23, these set of regulations. It was
17 before you on April 30 you will recall, at
18 which point there were a number of concerns
19 raised by our gaming licensees relative to the
20 public disclosure of some of the information
21 contained in these regulations.

22 So, we were asked, the staff was, to
23 step back and have a closer look at what we
24 were asking for, and determine whether it was

1 necessary for us to require the submission of
2 certain documents. And part and parcel of that
3 was how we would go about protecting it, if you
4 will, from public disclosure if appropriate.

5 So, we set out to do that. Spent a
6 lot of time with Commissioner Zuniga. We
7 discussed these regulations with our gaming
8 licensees, MGM and Penn National in particular.
9 We appreciate the time they spent offering
10 their insight.

11 And we spend time with our
12 consultants going through the particulars
13 contained in these regulations. And spent a
14 lot of time on each and every requirement, each
15 document, each piece of information and the
16 overall mechanism.

17 So, with that I thought I would
18 offer a few comments on the draft you have
19 before you, certainly welcoming any comments or
20 questions along the way. And at the end, we
21 will need to consider whether you would adopt
22 these here today or open it up for a further
23 comment period. Again, recalling that these
24 have gone through the public comment period.

1 So, they are full teed up for adoption if
2 that's what we decide to do.

3 So, starting at the beginning, I
4 would just make note of the first section,
5 which references 205 CMR 142. This replaces a
6 section we had in the previous draft that
7 provided for comprehensive access to records of
8 the gaming licensee. After further review, it
9 became clear that we already had provisions in
10 the regulations that governed that subject
11 matter.

12 So, instead of duplicating them
13 here, we simply made cross reference to that.
14 And it's important to review these regulations
15 with the understanding that the Commission and
16 by extension the staff, have access to all
17 records and all parts of the gaming
18 establishment that there are.

19 And frankly, there hasn't been any
20 concern relative to that raised by the gaming
21 licensees. That's fairly standard as we
22 understand it in the gaming industry for a
23 gaming commission to have access to just about
24 all records in the gaming establishment.

1 So, with that backdrop, we move into
2 this set of regulations, which really just
3 governs what records and what information has
4 to actually be provided on some kind of regular
5 schedule or at least maintained, as opposed to
6 those that they will maintain in the ordinary
7 course, but we are not identifying specifically
8 as being records or information that we want to
9 have them accessible to us.

10 So, the first thing to keep in mind,
11 and I think this is one of the critical
12 components of these regulations -- And this is
13 a brand-new section that did not appear in the
14 last version. -- is 139.02. It's up on the
15 screen. It's on the first page of the draft.
16 And what it does is it sets up a mechanism
17 under which the Commission may if it agrees,
18 withhold certain documents or information from
19 public disclosure.

20 That is documents or information
21 that have been provided to the Commission
22 either because it's statutorily required or
23 because the Commission or the IEB or staff have
24 an interest in reviewing the documents to

1 ensure compliance with the gaming laws or other
2 regulations.

3 And we set up the mechanism here
4 under which that would happen, which is all
5 premised on the exemptions contained in Chapter
6 23K section 21(a)(7). We cite it right in this
7 section. And essentially what that says is
8 that if there is material or information
9 provided that the gaming licensee considers to
10 be a trade secret or would be detrimental to
11 the licensee if it were made public, they may
12 or the Commission may protect that information.

13 So, the approach we took here was
14 that we would essentially put the onus on the
15 gaming licensees to tell us which documents or
16 information they believe to be a trade secret
17 or contain confidential information. That is
18 as opposed to us going through and trying to
19 identify exactly which pieces of information
20 should be presumptively withheld.

21 Those were the two approaches that
22 were considered here. And this draft sets
23 forth the approach whereby the gaming licensee
24 will tell us what information they would like

1 us to consider withholding.

2 So, under this language, they would
3 then identify certain information that they
4 believe to be confidential. We will have an
5 application of some sort that we'll put
6 together. And if the Commission agrees that
7 the information would fit into this category
8 that's identified here, we would enter into a
9 nondisclosure agreement under which we would
10 agree to withhold it in the event that a public
11 request for it was made.

12 So, that's what this provision sets
13 out. And I think it's kind of the cornerstone
14 of the new version of these regulations is this
15 particular section here, which is provided for
16 by statute. So, what we do is we essentially
17 expound upon what the statute talks about.

18 Moving on, page two, and I'll just
19 hit some high points to draw your attention to
20 really quickly. The fiscal year section, which
21 is 03 we changed. In the initial draft, we set
22 out what the fiscal year had to be. Here we
23 say that the licensee can use whatever fiscal
24 year it wants as long as it tells us. There

1 was no reason we could decipher why we needed
2 to tell them what their fiscal year needed to
3 be.

4 So, the next two sections, 04 and 05
5 set out specific documents and information.
6 And they're broken down into two categories.
7 The first category contained here in 04 are
8 documents and reports and information that must
9 be provided to the Commission on a regular
10 basis.

11 The second category, which is in 05
12 that we'll get to in a moment, are documents
13 that we say that the gaming licensee must
14 maintain but that do not have to be provided to
15 the Commission unless the Commission asks for
16 them.

17 So, with that I would just point out
18 in paragraph two one of the changes from the
19 previous version is that we added a definition
20 of construction into what we mean when it comes
21 to submitting that quarterly report relative to
22 construction statistics.

23 We also clarify that that report
24 would be required not just during the initial

1 construction period, but as part of any ongoing
2 subsequent construction that goes on at the
3 gaming establishment.

4 COMMISSIONER ZUNIGA: Maybe we
5 should mention here something that I spoke to
6 you about, which is something that our
7 licensees have also spoken at least the people
8 from Penn National have mentioned. I'm
9 specifically referring to subsection six,
10 139.04(6).

11 Our statute does require that the
12 licensees pay a daily tax. And in so doing we
13 need effectively a daily report of the
14 remittance. On the other hand, Mr. Snowden I
15 think made a compelling argument last time he
16 spoke before us saying that we should consider
17 reporting those revenues to the market basis.

18 CHAIRMAN CRSOBY: You're talking
19 about public reporting.

20 COMMISSIONER ZUNIGA: Yes. But our
21 acceptance of a record constitutes a public
22 record potentially, unless it was entered into
23 a nondisclosure agreement that Todd just
24 highlighted at the beginning. So, that's the

1 way we deal with the very clear example --
2 That's the way that we would deal with on a
3 very specific example relative to the
4 nondisclosure agreement, which I think is the
5 way to go. I'm not suggesting that we should
6 change anything. This is a way to reconcile
7 two competing priorities in my view.

8 MR. GROSSMAN: And that's right. If
9 in fact this is the approach adopted by the
10 Commission, we will have to go back and look at
11 some of the documents we already have and
12 determine whether a nondisclosure agreement
13 would be appropriate.

14 Just to pick up on paragraph six
15 that Commissioner Zuniga was talking about,
16 there we require the daily, monthly and annual
17 gross gaming revenue reports. And this is a
18 good point -- A good place just to point out
19 that a number of the records that are discussed
20 here in the next two sections are merely
21 records that are required in other parts of the
22 regulations.

23 So, the requirement that they be
24 submitted is not originated here in section

1 139. This is merely a cross reference to
2 provide a checklist of sorts to the gaming
3 licensees and to our own staff to help identify
4 all of the records and reports that are
5 required to be submitted.

6 And certainly, these gross gaming
7 revenue reports fit into that category in that
8 we've already required they be submitted under
9 205 CMR 140. So, here we're merely saying that
10 they do need to be submitted.

11 But in paragraph six, we also added
12 a new provision that is worthy of note at this
13 point. And that is the part that deals with
14 the payback statistics. There are a number of
15 provisions of the statute in Chapter 23K that
16 need to be addressed here in regulations. And
17 the Legislature said that the Commission needs
18 to adopt a regulation that requires the posting
19 of payback statistics of slot machines played
20 in a gaming establishment.

21 So, this provision here is an effort
22 to address that requirement. And it's
23 important just to note a few things here. The
24 first being that the statute requires posting

1 of payback statistics. It doesn't directly
2 address where that is supposed to be done.

3 And then it says that there have to
4 be statistics. And it doesn't say which
5 statistics have to be posted. Then it doesn't
6 say how often. So, we attempt to answer all of
7 those questions here in this particular
8 section.

9 And what we do is we say that on a
10 monthly basis as part of the monthly gross
11 gaming revenue report, the gaming licensee will
12 provide us and ultimately we'll be able to
13 figure this out on our own through our central
14 monitoring system as I understand it, but they
15 will provide us with the drop and handle, the
16 win or loss and the win or loss percentage from
17 slot machines played in the gaming
18 establishment. And those are the statistics
19 that we will post.

20 And I think those are the stats that
21 we picked, because those seemed to be the ones
22 that are most relevant to the area of interest.
23 And that is ultimately the question we get most
24 often is what is the payout percentage of slot

1 machines in Massachusetts. And it's difficult
2 sometimes to understand what the -- Our level
3 is set at 80 percent, as you'll recall. -- what
4 that actually means.

5 And these statistics help explain
6 what that 80 percent minimum theoretical payout
7 actually means. So, that's why we picked
8 these. And in theory over time, if you look at
9 these statistics, they should indicate at least
10 an 80 percent payout, probably much higher than
11 that, but that would be the minimum required.

12 It would be subject to public
13 disclosure on our website. And people would be
14 able to see that that threshold is actually
15 being met. So, this is the mechanism that
16 we've provided here in the regs. to address
17 that requirement in the statute.

18 Paragraph 11 we talk about quarterly
19 reports. I would just note that from the
20 previous version that you've seen, we've
21 removed the requirement that monthly reports be
22 submitted and limited it just to quarterly
23 reports.

24 The theory being that we would be

1 able to obtain the information we need both
2 through the daily and monthly gross gaming
3 revenue reports and through the quarterly
4 reports themselves. So, that's why we've cut
5 back to the quarterly reports.

6 We've also added paragraphs 13 and
7 14 to this list just for identification
8 purposes. It also has the effect of bringing
9 those documents under the nondisclosure
10 agreement clause. So, any particular documents
11 including the internal controls themselves that
12 a gaming licensee may feel fit into the category
13 of trade secrets or detrimental if disclosed
14 may be the subject of a request for a
15 nondisclosure agreement as well.

16 05 starting on the bottom of page
17 three talks about documents that need just be
18 compiled and maintained. We include things in
19 here like tax returns. So, that was I think a
20 change from the last version where we said they
21 had to be submitted to us. Here we just say
22 they need to be maintained and compiled.

23 There was -- The same situation is
24 true with the securities filings for publicly

1 traded companies. The 10k, 10q and those types
2 of documents need only be compiled and
3 maintained but not submitted to the Commission
4 unless the Commission asks for them.

5 We made a couple of distinctions,
6 notably in paragraph (e) and elsewhere between
7 publicly traded securities and publicly traded
8 companies and non-publicly traded companies in
9 an effort to make sure that these regulations
10 would cover both a publicly traded company and
11 one that is not publicly traded. And with a
12 few adjustments we've made, I think we've been
13 able to achieve this based upon the comments we
14 received.

15 So, here we make a distinction in
16 paragraphs (e) and (f) between publicly traded
17 securities and non-publicly traded securities
18 and just the records regarding those interests
19 that must be maintained.

20 Paragraph (f) you'll note we also
21 added in a five percent threshold, which was
22 suggested to us as more consistent with the
23 requirements under the Federal Securities laws
24 and information that the licensees are more

1 easily able to maintain.

2 On page five, paragraph six is an
3 important provision. This talks about all of
4 the information that is compiled based upon the
5 player card, rewards card and loyalty program.
6 And it's contained in three separate sections
7 of the gaming law.

8 We were able to consolidate it into
9 one main section here into two parts. And
10 you'll recall that the notable one in paragraph
11 (b) is in the Gaming Act. It's not in Chapter
12 23K. The Commission is supposed to obtain this
13 information so that it can be provided to a
14 third party to anonymize the data. And then
15 make the data available to qualified
16 researchers so essentially recommendations can
17 be made to the Legislature as to ways in which
18 perhaps we can address or improve the effective
19 operation of gaming in Massachusetts.

20 So, these two areas were identified
21 as being highly confidential areas of great
22 concern to our gaming licensees should this
23 information become public. They are required
24 by statute. And that's why they are included

1 here. But I think it's just worth being aware
2 of the fact that they're here.

3 COMMISSIONER STEBBINS: Todd, at the
4 bottom of that page -- because you might be
5 jumping over it, but I had a quick question on
6 number eight at the bottom of page five, the
7 gaming licensee's disbursement report relative
8 to vendors. And you reference another
9 regulation, which I don't have in front of me,
10 but is that the information we're hoping to
11 collect to share or licensing needs to
12 determine if vendors are actually moving up in
13 categories based on the amount of business?

14 MR. GROSSMAN: That's right. That's
15 one of the uses of that document. It lists
16 essentially all of the expenditures made to
17 vendors by the casino. One of the things we do
18 with it is determine whether a nongaming vendor
19 should be reclassified as a gaming vendor
20 secondary based upon the threshold.

21 COMMISSIONER STEBBINS: I'm just
22 trying to make sure we're not asking for two
23 different disbursement reports that are going
24 to provide the same information from our

1 licensees.

2 MR. GROSSMAN: No. This does not
3 create an independent requirement. It merely
4 references the other requirement. So, folks
5 are aware of the fact that it has to be
6 submitted.

7 Paragraph 12, we talk about the
8 minutes of boards of directors meetings. I
9 inadvertently crossed out a little bit too much
10 here. I would keep in the first line and a
11 half that is stricken, which is merely a cross
12 reference to our internal control regulations.

13 And it applies to the audit and
14 compliance committee meeting minutes. That is
15 information that we may certainly be interested
16 in and should be kept in.

17 The rest of it though was
18 unnecessary and we address most of this in our
19 internal controls section in any event. So,
20 that's the reason it was recommended for
21 striking.

22 COMMISSIONER STEBBINS: Todd, one
23 above that or two above that number 10. You
24 talk about the annual business plan of the

1 gaming licensees. Are we being prescriptive in
2 what we're asking for on a business plan or
3 leaving it up to the licensee?

4 MR. GROSSMAN: The latter, we
5 haven't been prescriptive here short of saying
6 that it has to include financial projections.
7 We also leave open the ability for us to
8 prescribe, as we say, in a format prescribed by
9 the Commission. So, it is something that we
10 may want to be more prescriptive about in the
11 future. Otherwise, it would be fairly open-
12 ended.

13 COMMISSIONER STEBBINS: We'd lump
14 this under the highly confidential or highly
15 protected category of documents.

16 MR. GROSSMAN: It strikes me that
17 that would fall into that category. The bottom
18 of page six are a number of items that were
19 largely contained in the previous version. We
20 made a few tweaks to them.

21 First, we took out the equation by
22 which the operators had to calculate their
23 gaming bankroll. And we left it to them to
24 calculate it the way that they presently

1 calculate it. And just make a certification to
2 us that they'd be able to maintain an adequate
3 bankroll.

4 On the next page we talk about the
5 annual audit. There are the two audits that
6 you'll recall. There's the audit that's done
7 by the gaming licensee. And then there's the
8 audit that's done by the Gaming Commission.

9 So, this first one is the one that's
10 done by the gaming licensee. And we modified
11 our previous language to allow for the gaming
12 licensee to submit, to the extent that they're
13 a publicly traded company, their consolidated
14 annual audit, which is typically part of their
15 10k as I understand it, provided that it
16 include a supplement or an appendix in which
17 the auditor has looked at the figures for the
18 property, the gaming licensee itself and
19 attests to the accuracy of that information,
20 and offers an opinion as to whether there are
21 any material weaknesses in the licensee's system
22 of internal controls.

23 So, that is a change from the
24 version we had previously. This is more in

1 line it appears with the way the other
2 jurisdictions handle this issue in not
3 requiring the gaming licensee to do a full
4 blown audit of the property here specifically.
5 And the theory is that we will be able to get
6 the information that we're interested in to
7 insure the viability and integrity of the
8 licensee through this process.

9 Keeping in mind that on the flipside
10 that the Gaming Commission has the authority to
11 conduct any audit it wants. Though as we've
12 heard discussed here that audit is not
13 necessarily intended to duplicate the audit of
14 the financial controls of the gaming licensee
15 but instead to look at some of the other types
16 of controls that are in place under the
17 internal controls policy.

18 Though certainly we reserve the
19 right here to go in and re-audit any of the
20 financial figures that may be included in the
21 previous audit that was submitted.

22 But we added some language here at
23 the bottom of 139.08, which is on page eight.
24 We say that where possible efforts will be made

1 not to audit areas that were the subject of and
2 satisfactorily addressed by the annual audit
3 that the gaming licensee has already submitted.

4 So, we go on the record here in the
5 regulations and say we will make efforts not to
6 duplicate what's already been done.

7 CHAIRMAN CROSBY: Seems like a
8 modest proposal.

9 MR. GROSSMAN: And there are
10 certainly a number of other adjustments that
11 were made here but those were I think the
12 highlights that I thought I would just bring to
13 your attention.

14 CHAIRMAN CROSBY: Was there anything
15 there, Todd, that the licensees raised in their
16 concerns that you did not adopt? Were there
17 any bones of contentions left? I couldn't
18 cross tab it closely enough.

19 MR. GROSSMAN: I really don't think
20 there were any major or any bones of
21 contention. That being said, we did not copy
22 and paste every single change that they
23 recommended. But I think in essence we mostly
24 agreed with all of the recommendations that

1 were made and ran them through our consultants.
2 And Commissioner Zuniga and I looked at all of
3 them.

4 So, no. I don't think there's
5 anything necessarily out there, which is not to
6 say that they initially agree with everything
7 in here. But by and large I think --

8 COMMISSIONER ZUNIGA: Let me offer a
9 color on that because I think it's very
10 relevant. The licensees were always willing to
11 send us whatever information we wanted. That
12 was never the issue in this reg.

13 The larger issue which you very
14 appropriately identified at the very beginning
15 was if and whether something becomes a public
16 record, how we deal with that. And also
17 because we have three public companies, how
18 does all of these reporting requirements
19 reconcile with the reporting requirements that
20 they are required to do under SEC rules.

21 And I would argue after a lot of
22 hours that you've spent with the feedback
23 yourself looking at this, we've arrived at the
24 medium that allows us to reconcile everything,

1 all of those interests.

2 COMMISSIONER MCHUGH: It looks like
3 a great job.

4 CHAIRMAN CROSBY: Yes. Do you want
5 to go to the next section?

6 MR. GROSSMAN: That was it.

7 COMMISSIONER MCHUGH: There is no
8 next section.

9 MR. GROSSMAN: So, with that it's
10 important to understand that we did reorganize
11 this entire draft pretty much. In substance I
12 would submit that it's virtually the same as
13 the draft you've seen before. It does include
14 this new nondisclosure agreement provision.
15 And of course there are the modifications as I
16 just discussed.

17 But by and large, I think it's the
18 same subject matter that you had before you
19 before as far as notice and things like that go
20 and the public hearing process.

21 So, subject to your comfort level,
22 it's ready for adoption or further comment if
23 necessary.

24 COMMISSIONER ZUNIGA: I would just

1 like to mention again, perhaps a little more
2 directly that I think Todd has done a wonderful
3 job here reconciling a lot of the concerns, a
4 lot of the requirements and presenting and
5 reminding us of the history and evolution, if
6 you will, of all of this. So, thank you for
7 all of your hard work on this.

8 MR. GROSSMAN: Thank you.

9 COMMISSIONER CAMERON: I would
10 agree. Always ready to give a tutorial and to
11 really bring forth the issues that have
12 changed. And I'm always interested in who
13 thought what and who's idea? What did the
14 consultants think? What were the licensees
15 thinking? You always have those answers, and
16 the incorporations that you make are thoughtful
17 and make a lot of sense. So, thank you.

18 MR. GROSSMAN: Thank you.

19 COMMISSIONER ZUNIGA: So, are we
20 voting to move them into the final promulgation
21 process, correct?

22 MR. GROSSMAN: If you approve them,
23 we can just file them with the Secretary. We
24 would then just have to revisit the small

1 business impact statement. But then we'd be
2 done with these and onto the next ones.

3 COMMISSIONER ZUNIGA: I would then
4 move that this Commission approve the
5 regulations 205 CMR 139 for the continuing
6 disclosure and reporting obligations of gaming
7 licensees and promulgate them officially and
8 revised here today.

9 CHAIRMAN CROSBY: Second?

10 COMMISSIONER STEBBINS: Second.

11 MR. DAY: Commissioner Zuniga, is
12 that with the amended SBIS?

13 COMMISSIONER ZUNIGA: I was going to
14 do that separate but thank you.

15 CHAIRMAN CROSBY: Do you want to add
16 that in?

17 COMMISSIONER ZUNIGA: Yes. Then I
18 would also amend my motion to include that this
19 Commission approve the amended small business
20 impact statement for same regulations 205 CMR
21 139 as presented here in the packet.

22 CHAIRMAN CROSBY: Second again,
23 Commissioner Stebbins?

24 COMMISSIONER STEBBINS: Second

1 again.

2 CHAIRMAN CROSBY: Further
3 discussion? All in favor, aye.

4 COMMISSIONER MCHUGH: Aye.

5 COMMISSIONER CAMERON: Aye.

6 COMMISSIONER ZUNIGA: Aye.

7 COMMISSIONER STEBBINS: Aye.

8 CHAIRMAN CROSBY: Opposed? The ayes
9 have it unanimously. We are now onto item
10 number seven, I believe, that would be Research
11 and Responsible Gaming with Director Vander
12 Linden. Actually, this is going to take a
13 while. Why don't we take a quick break. We'll
14 come back.

15
16 (A recess was taken)

17
18 CHAIRMAN CROSBY: Ready to
19 reconvene. I think everybody is getting a
20 little punchy. We are reconvening at about
21 2:15. We are on item number seven, Director
22 Vander Linden and friends.

23 MR. VANDER LINDEN: Yes, and
24 friends. Good afternoon. The first item I

1 have is a status update on play management.
2 Play management is obviously something that for
3 several months was an issue that came before
4 you numerous times.

5 And you had in January of this year
6 approved a play management system, which is
7 basically, budget setting tools that would be
8 used on a test basis at Plainridge Park Casino.

9 This is by the way consistent with
10 our responsible gaming framework strategy two,
11 which is to increase informed player choice.
12 So, to bring it back before you and just give
13 you an update, while it hasn't been on the
14 surface here, a lot of activity has been going
15 on behind the scenes to make sure we see this
16 actually happen in the near future.

17 So, I have for you a memo. And what
18 I wanted to do was just kind of highlight the
19 work that has been done and is completed as
20 well as go over some of our tasks that we still
21 need to complete.

22 So, materials that have been
23 completed to date. One of the big deliverables
24 on this was to come up with a consensus on the

1 standards. This is a document that provides
2 the functional requirements for play
3 management. For example, what intervals do
4 players receive notifications about as they
5 approach their budget limits. What happens
6 when a player would reach those limits? How is
7 it positioned? One of the big ones is that
8 it's voluntary.

9 So, the Commission approved this.
10 There were some minor refinements after that
11 point through consultations with Bally, with
12 Penn Gaming and last but not least our
13 evaluators, the Cambridge Health Alliance.

14 Other pieces that have been
15 completed is that we had secured our evaluation
16 team through Cambridge Health Alliance Division
17 on Addiction being led by Dr. Alan Schafer and
18 Dr. Debi LaPlante. The lead on this would be
19 Dr. Matt Tom. We worked with them after that
20 procurement was complete to refine and settle
21 on an evaluation protocol.

22 Another deliverable that is actually
23 and tangible now on the floor at Plainridge
24 Park Casino are the kiosks. We had decided

1 through the play management standards that one
2 area in which you would be allowed to enroll,
3 change your budgets or disenroll from the
4 system would be from a kiosk.

5 And while we don't have the play
6 management system up and running, the kiosk
7 still functions quite well as a source of other
8 types of responsible gaming information and
9 tools.

10 All of that has been complete and is
11 ready to go right now. There are other key
12 pieces though that have not been complete, but
13 are on track. And I'd like to go over those
14 real quickly with you as well.

15 Aside from the play management
16 standards, which are kind of the functional
17 nuts and bolts of what it looks like and how it
18 functions, we have a framework for electronic
19 gaming machine content that includes the
20 messaging, the graphic standards, the actual
21 messages that appear when you reach your
22 limits. How it's presented to the players upon
23 enrollment. How when a player decides to
24 disenroll, if they decide to disenroll from it,

1 what types of messages they would receive at
2 that point.

3 This has taken a lot of work in
4 collaboration, again with the same parties,
5 with Penn Gaming being a major contributor to
6 that. The Division on Addiction recognizing
7 that the content is so very important to how it
8 sits or how a player receives it and what they
9 do with that information.

10 Similarly, the framework again for
11 the content and messaging and graphic standards
12 on the kiosk is another place in which would be
13 slightly different than what a player would
14 receive on the slot machine or the electronic
15 gaming machine. But we are very close, are
16 substantially complete coming up with a final
17 set of standards for that.

18 Behind all of that is the developing
19 piece of it. So, you take the play management
20 standards. We take this framework for the
21 content. That needs to be all brought together
22 in the development piece of the casino
23 management system. Again, this is the Bally
24 casino management system that's being rolled at

1 Penn right now.

2 So, these are all of the changes.
3 An example of a change that needed to be made
4 was the existing pre-commitment system that
5 Bally had that would have been the off-the-
6 shelf version would have taken into
7 consideration free play in a player's limits
8 that they would set.

9 The Commission had said no, we do
10 not want to allow free play to be considered in
11 a player's limit. We want it to be the actual
12 dollar in that a player would budget. So, this
13 would be an example of a change that would need
14 to be made to the casino management system from
15 the off-the-shelf version of their pre-
16 commitment or responsible gaming system that
17 they had already developed.

18 There are other changes as well.
19 Making sure again that the graphic standards
20 are fully integrated. Making sure that the
21 messaging content is fully integrated to get to
22 the point where it looks and feels exactly how
23 the Commission and how our other stakeholders
24 had envisioned it to work.

1 I had a conversation with the
2 developer, the project manager from Bally this
3 morning. While I had thought it was
4 significantly complete, it's well underway but
5 to say that it's significantly complete is
6 probably a bit of an overstatement. I don't
7 think that the changes the timeline that we're
8 on for completion and rollout of the project.

9 COMMISSIONER CAMERON: Is there a
10 new timeframe based on your conversation?

11 MR. VANDER LINDEN: No. I think
12 that we're still looking at a September to
13 October timeframe. Once we have that settled
14 and the play management is fully integrated and
15 into the casino management system, we would
16 then move to testing.

17 And we would want to have it tested
18 by all of the key stakeholders. Obviously, the
19 Massachusetts Gaming Commission would be at the
20 testing table. Penn would be at the testing
21 table. Cambridge Health Alliance as our
22 evaluators would be at the table to actually
23 test the product. Make sure it looks and feels
24 the way we want it to. Make sure it's

1 positioned right. And we would be looking to
2 do that probably sometime next month.

3 After that, we would need to move it
4 back out to GLI for certification or
5 attestation. Once we have it as we feel that
6 it should be, we want to make sure that it
7 interacts with the rest of the casino
8 management system without interfering with the
9 other functions of that system.

10 From that point of view, we would
11 move to developing a training manual or a
12 training guide. Actually, some of that could
13 already be happening or happening at the same
14 time as the testing certifications.

15 And then from that point, we'd move
16 to testing. Testing key staff, specifically
17 targeting obviously our GameSense advisors, the
18 staff that would be on the floor at Penn Gaming
19 or at the casino and anybody else that between
20 Penn and the Commission and the Cambridge
21 Health Alliance felt would be necessary to have
22 training.

23 To have all of that work done and
24 again some slight adjustments to the work as

1 I've just described, I expect that the play
2 management system could be operational in
3 September or October of this year.

4 COMMISSIONER MCHUGH: Very exciting.

5 COMMISSIONER CAMERON: Sounds great.

6 COMMISSIONER MCHUGH: Yes, it's
7 great.

8 CHAIRMAN CROSBY: It'd be
9 interesting to do at some point, to show how
10 the things are going to work. How the pop-ups
11 are going to work, what the text is, what the
12 steps are. That'd be an interesting thing for
13 us to review, I think.

14 MR. VANDER LINDEN: The two central
15 criticisms of play management have been uptake
16 and effectiveness. How do people respond to
17 the messages that they would receive? What
18 does it do to their actual -- How does it
19 impact their behavior and their decisions about
20 how to move forward? And those are two key
21 things that we're paying very close attention
22 to in the development of this.

23 And that has been kind of the
24 central theme as part of our work to date,

1 especially with Cambridge Health Alliance who
2 has been so valuable in getting this content to
3 be positioned and to feel the way we want it to
4 feel.

5 COMMISSIONER MCHUGH: So, Cambridge
6 Health Alliance is helping to on the front-end
7 and then Cambridge Health Alliance is going to
8 be evaluating the output and the efficacy on
9 the backend and see how it all works?

10 MR. VANDER LINDEN: Yes, exactly as
11 we had planned when we brought them on board,
12 both in the development the content as well as
13 the evaluation.

14 This goes back to a precautionary
15 approach where there isn't a lot of evidence
16 for this type of technology. But there's ample
17 to reason to believe that it's consistent with
18 where the Commission wants to go. It's
19 consistent with the statute.

20 So, we want to with that
21 precautionary approach evaluate, evaluate,
22 evaluate, evaluate to test the effectiveness of
23 it, to test the uptake of it.

24 COMMISSIONER MCHUGH: And Penn is at

1 the table on both phases of that? I mean
2 they'll be consulted on the front-end and
3 they'll certainly be one of the evaluators of
4 the test results.

5 MR. VANDER LINDEN: Yes.

6 COMMISSIONER MCHUGH: Good.

7 CHAIRMAN CROSBY: Okay, great.

8 Thank you.

9 MR. VANDER LINDEN: So, more to
10 come. Next on the agenda we have the GameSense
11 public outreach and awareness initiatives and
12 this will be led by myself and Elaine.

13 CHAIRMAN CROSBY: Excuse me, Mark.
14 I meant to say one thing. It's implicit, but
15 training on how to get people to sign up and
16 how this is going to be marketed, it's not
17 really in your description. It's kind of a
18 passing that we'll do some training. But as
19 you know, one of the reasons that this has
20 fallen down every place else is it's never been
21 actually marketed properly.

22 And how you roll it out, how you get
23 the words to people, how you approach people,
24 etc., it's worth a lot of time and attention to

1 figure out how to do that. Its own component
2 of this beyond getting the technology right,
3 getting the marketing right is really
4 important.

5 MR. VANDER LINDEN: Yes, I agree.

6 CHAIRMAN CROSBY: That's not really
7 listed on your list of critical path items.

8 MR. VANDER LINDEN: When I was
9 speaking with Bally earlier today about that
10 that was brought to my attention.

11 There really is two pieces. There
12 is the technical training, which really is not
13 a lot. It's a very similar system as many of
14 you have seen it demonstrated.

15 But then there's also how do you
16 talk about this system and what type of tool
17 can they use if they choose to.

18 CHAIRMAN CROSBY: The whole
19 marketing approach, somebody needs to take a
20 step back and think top to bottom how do we
21 market this thing. Go ahead.

22 MR. VANDER LINDEN: So, moving onto
23 the next piece is the GameSense public outreach
24 update. A lot of attention and energy has been

1 placed to promoting GameSense.

2 GameSense as the Massachusetts
3 Gaming Commission's brand to talk about
4 responsible gaming. So, Elaine and I wanted to
5 just walk through with you a little bit about
6 what is out there right now and what type of
7 effort we've put into this.

8 So, the adoption of GameSense is in
9 large part a credit to the British Columbia
10 Lottery Corp. About a year and a half or two
11 years ago I began taking a look at where are
12 the gold standards. What are the great models
13 out there to promote responsible gaming? And
14 all things pointed to the British Columbia
15 Lottery Corp.

16 They had already developed a very
17 strong strategic approach to promoting
18 responsible gaming. Their goals were very
19 consistent with our goals, which are to promote
20 a positive approach to play and provide peace
21 of mind to the public, to create an approach
22 that instills trust, is a proactive, effective
23 and transparent way to talk about gaming.

24 We wanted it to be an approach that

1 was not one that was the government providing
2 information and telling people how to gamble
3 responsibly but one that would come across as
4 friendly, genuine and helpful.

5 And also important through it all
6 was to say this is something that we're going
7 to roll out at our casinos with our licensees.
8 So, we don't want to take away the reason that
9 people go to casinos is in order to have fun.
10 So, we wanted to make sure that that was built
11 into it as well.

12 A lot of this content, the graphic
13 standards, the approach had been created by the
14 British Columbia Lottery Corp. So, I would
15 like to give them a lot of credit for this. We
16 wanted to make sure though that it translates
17 well into Massachusetts.

18 British Columbia is some 4000 plus
19 miles away. They're a very experienced gaming
20 jurisdiction. And a lot is different in
21 Massachusetts than it is there. So, that's
22 where through the assistance of Elaine and many
23 others, we decided to take that piece of it
24 very seriously. So, Elaine would you want to

1 talk about the rollout?

2 MS. DRISCOLL: Sure. So, just to
3 recap and as Mark was saying, we adopted an
4 established responsible gaming brand. Our
5 challenge was to introduce that brand in the
6 Massachusetts market by developing a localized
7 program and also working closely with
8 Plainridge to ensure that they too adopted the
9 use of the program and that they were adhering
10 to the brand standards.

11 And just for the record, they've
12 been very amenable to that and helpful in that
13 way and responsive.

14 So, in order to develop that
15 community outreach program and create the
16 collateral that was necessary to roll out this
17 program, we enlisted the assistance of MORE
18 Advertising, as you probably recall, after a
19 procurement process.

20 We then set out to develop the
21 various brand elements. And like Mark said,
22 being very sensitive to although we were a step
23 ahead by having a standard guide from the BCLC
24 in terms the overall look of the logo, the

1 colors that were necessary and the fonts and
2 things like that where it was complicated was
3 translating that into advertisements,
4 particularly for TV and radio. Making sure
5 that it was appropriate to the Massachusetts
6 market, particularly a market that had
7 absolutely zero familiarity with this program
8 as opposed to the BCLC.

9 They approached with some humor,
10 which was interesting but a humor that may not
11 have been relevant to this market. So, we
12 needed to be really sensitive to that. And
13 I'll get into how we made some of those
14 decisions shortly.

15 So, basically again, through MORE
16 Advertising, our communications department,
17 myself and Michael Sangalang, and working
18 really closely with Mark, we were really able
19 to develop a comprehensive program that
20 included a lot of collateral from numerous
21 brochures, multilingual, billboards, radio ads,
22 television ads to introduce to the Southeastern
23 Mass. market.

24 And one of the most important things

1 that we did upfront was we hosted several focus
2 groups, which was really interesting, to test
3 some of our theories prior to developing these
4 pieces of collateral. And we were really able
5 to put to good use the feedback that we got
6 from these focus groups. They were definitely
7 very helpful.

8 CHAIRMAN CROSBY: What kind of data
9 points?

10 MS. DRISCOLL: I would say, and
11 actually that brings me to my next point, they
12 were very helpful in we were juggling a number
13 of concepts, for example, for the television
14 ad, which included do we go with the BCLC TV
15 ads that were very -- like I said, used humor
16 and were kind of sarcastic and funny. But
17 again, would it work in Massachusetts?

18 There was some concern about that
19 particularly as a rollout. Two years from now
20 we may feel differently, but as a rollout, we
21 thought we had to be sensitive to that. And
22 then again, sort of tested those concepts on
23 them.

24 And they helped us to narrow down

1 which concept that we ended up going with. And
2 we'll play that video shortly. And that was a
3 nonsense versus GameSense concept. And you'll
4 see that from the ad that we created.

5 Another thing that we struggled with
6 was on the radio ad was -- This is kind of
7 minutia maybe for some, but I think it's
8 interesting, which is do we include in the
9 radio ad a brought to you by the Massachusetts
10 Gaming Commission? Or is it may be better that
11 we don't do that because again didn't want to
12 have sort of a government feel to it. Or would
13 that affect its perception of friendliness and
14 things like that. So, all of these very
15 interesting concepts.

16 And actually, our focus groups
17 thought it was great to make it clear that it
18 was a radio ad from the Massachusetts Gaming
19 Commission. So, another piece of feedback that
20 made that decision for us.

21 COMMISSIONER ZUNIGA: I would have
22 guessed it the other way.

23 MS. DRISCOLL: Yes. And that was
24 what was so interesting because that's just it,

1 we were really batting all of those concepts
2 and theories around. And we said, you know
3 what, let's put it before the focus group and
4 see what they have to say. And they were
5 terrific and MORE did a great job pulling those
6 together.

7 COMMISSIONER CAMERON: Did the focus
8 group not like the humor in the TV ad?

9 MS. DRISCOLL: I think they didn't
10 get it completely, which was the -- because
11 humor isn't always universal. And particularly
12 we were talking about from another country.
13 So, we realized that there could be some
14 perception issues there.

15 MR. VANDER LINDEN: We asked them
16 what they thought GameSense was to start the
17 focus group without providing much if any
18 context at all. And it became clear that some
19 people kind of got that it had to do with
20 gambling, gaming and others didn't get that.

21 So, that then led to we need to be a
22 bit more concrete as we roll this out in
23 Massachusetts. And in terms of having it
24 brought to you by the Massachusetts Gaming

1 Commission, they were very receptive I think to
2 the fun tone of it, the lighter tone of it.

3 So, it had as much to do with the
4 tone as it did -- it had less to do with
5 brought to you by the Massachusetts Gaming
6 Commission. Striking that tone is so very
7 important I think and the focus groups helped
8 solidify that.

9 MS. DRISCOLL: So, basically now
10 we're going to show you a video that was
11 created by Mike Sangalang, which is great
12 because it really just sums up the work that's
13 been done on the development of the collateral.

14 After we play the video, we'll tell
15 you a little bit more about what we have for
16 analytics on number of visits to the website,
17 etc.

18
19 (Video plays)

20
21 MR. VANDER LINDEN: So, another
22 lesson from the British Columbia --

23 COMMISSIONER CAMERON: How many
24 takes, Mark?

1 MR. VANDER LINDEN: I cringe every
2 time I hear it.

3 COMMISSIONER CAMERON: McDonalds
4 loves us too.

5 MR. VANDER LINDEN: Another really
6 important lesson from the British Columbia
7 Lottery Corp. is that they completely got rid
8 of the term responsible gaming.

9 And that is counterintuitive -- It
10 was initially counterintuitive to me. I think
11 it's counterintuitive in the United States.
12 It's a well-accepted term that is germane to
13 the industry. And so changing it from
14 responsible gaming to GameSense was key in how
15 we roll this out.

16 So, you'll see on the video that we
17 didn't mention the term responsible gaming at
18 all even though it's still in my title.

19 COMMISSIONER ZUNIGA: I was going to
20 say, do we need to now change --

21 COMMISSIONER CAMERON: We already
22 took problem out of his name. So, we're making
23 progress.

24 MS. DRISCOLL: So, essentially you

1 got a chance to see some of the different
2 collateral, radio ads, TV ads and also the
3 billboards.

4 We spent approximately \$130,000 on
5 the first ad buy focused largely in Plainville
6 and the surrounding areas. So, MORE did a
7 great job of getting the GameSense website up
8 and off the ground quickly. And a lot of that
9 also had to do with the assistance of BCLC and
10 their willingness to share with us, for
11 example, the interactive tools that are on the
12 site that are really interesting.

13 So, to date, and it hasn't been live
14 that long, but we know we've had approximately
15 7000 page views, which is actually pretty good.
16 And interestingly enough, 71 percent of that
17 traffic came in from people actually typing in
18 GameSenseMA.com.

19 So, what that means is that you can
20 deduce from that essentially that either people
21 saw the website -- I'm sorry, people saw the
22 billboard and were curious and went home and
23 typed it in. Or heard the radio ad, again,
24 curious typed it in. So, in other words, what

1 we're seeing is that it wasn't that it was
2 necessarily clicked on a transfer from an
3 online ad, for example.

4 Another thing you may be able to
5 deduce from that is the great work that the
6 GameSense advisors are doing. Again, curious
7 people went home and checked it out. So,
8 that's a really interesting analytic actually.

9 And then also the Facebook ads we
10 know there is a reach of approximately 115,000.
11 It's made almost 600,000 impressions. These
12 are all good numbers and numbers that we'll
13 continue to keep a very close eye on so that we
14 can decide how to utilize the budget for phase
15 two.

16 So, do we split the social media
17 money between Facebook and Twitter, do we keep
18 it on Facebook. Basically, that's how we'll
19 continue to decide. And also using some of the
20 data from the SEIGMA research project to also
21 inform our decisions on that.

22 COMMISSIONER ZUNIGA: Who is
23 managing the social media?

24 MS. DRISCOLL: That's a great

1 question. We are. Mike Sangalang actually is
2 doing the vast majority of it.

3 COMMISSIONER ZUNIGA: Because that
4 by itself also generates more followers. If
5 you're active, then people will follow.

6 MS. DRISCOLL: I think one of the
7 things we need to really start to focus on now
8 that we have it up and running and we actually
9 have an editorial calendar, like a plan all
10 laid out of X amount of tweets that we recycle
11 through weeks and months.

12 Making sure that we're magnifying
13 those by utilizing our own Twitter following
14 that's already built in, making sure that we
15 are closely coordinating with the Mass. Council
16 so that we're also utilizing their built-in
17 following. Making sure that there are tweeting
18 and things like while we're trying really hard
19 to get the brand out there as many ways as we
20 can.

21 CHAIRMAN CROSBY: I just Googled
22 GameSense and there some other company called
23 GameSense I think that comes up, the main one.
24 Then eventually you get to BCLC. But page one

1 doesn't have our GameSense. It might be
2 worth --

3 MS. DRISCOLL: Yes, we can talk to
4 MORE about that.

5 CHAIRMAN CROSBY: Figure out is
6 there a way to get it on an early page?

7 MR. VANDER LINDEN: Ours is
8 GameSenseMA.com, but I think there is a way you
9 can have it rise to the top of the page too.

10 COMMISSIONER CAMERON: Great work.

11 COMMISSIONER MCHUGH: It really is.
12 It's really exciting.

13 COMMISSIONER CAMERON: I love the
14 advisors in their green shirts, terrific. It
15 looks good, men's and women's sizes, excellent.

16 MS. DRISCOLL: Actually, we didn't
17 show it, but just so you know it too, the
18 television ad we did in Spanish too.

19 CHAIRMAN CROSBY: Oh, great.

20 MS. DRISCOLL: As the radio ads.

21 MR. VANDER LINDEN: Moving into
22 fiscal year '16, this is obviously a campaign
23 that we don't want to roll out and then just
24 let it sit there.

1 We need to pay close attention to
2 how we continue to grow GameSense in
3 Massachusetts. So, we are continuing to work
4 with MORE Advertising in fiscal year '16.
5 We're moving from what we had described as sort
6 of the implementation or launch stage to the
7 more comprehensive campaign.

8 The initial stage really is -- It
9 was about getting the website out there, a
10 couple of television commercials and radio.
11 But targeting all of that towards the
12 Southeastern Massachusetts market, where
13 obviously that's where the casino is. It makes
14 sense to target there.

15 Moving forward, we really want to
16 pay attention to becoming more linguistically
17 diverse in our brochures. We want to explore
18 expanding the radius around the Plainridge Park
19 Casino to expand into Eastern, Central and
20 Western Massachusetts.

21 We want to look at developing some
22 additional marketing materials as well. Again,
23 a lot of this while Southeastern Mass. makes a
24 lot of sense, using what we know from other

1 sources not the least of which is our SEIGMA
2 study to inform the strategy.

3 MS. DRISCOLL: And we'll be able to
4 actually fold the play management program into
5 the phase two as well.

6 CHAIRMAN CROSBY: Yes. That's an
7 important thing I think that everything comes
8 under -- This is the top brand. And everything
9 is a subset of that. It's brand GameSense play
10 management. That's great.

11 COMMISSIONER STEBBINS: Do you have
12 any plans to take Mark and his melodious voice
13 out to rotary clubs, Elks clubs anybody else to
14 not only talk about this but talk about the
15 other play management pieces?

16 MS. DRISCOLL: Absolutely.

17 COMMISSIONER STEBBINS: That I could
18 see in the immediate area in and around
19 Plainville.

20 COMMISSIONER MCHUGH: Yes. I think
21 this would really be of interest to a lot of
22 people who aren't directly affected by it, the
23 rotary clubs, the various groups.

24 MS. DRISCOLL: And I think too the

1 other thing that's important that we need --
2 Now that we have the basic collateral down and
3 some of those materials, the other thing that
4 we've been talking about doing for phase two is
5 leveraging any of our strategic partners that
6 might have real estate for visibility for us.

7 So, for example, working with the
8 Department of Public Health to see if for
9 example, health centers is there space for
10 posters on the resources that are available.
11 That's not play management collateral, but that
12 is our other resource available collateral that
13 would make sense for that.

14 So, just making sure that we're not
15 missing any places where we can brand for
16 whichever piece of that is appropriate to do
17 so.

18 COMMISSIONER ZUNIGA: Well targeted
19 and very cost effective because they're under
20 the same mission, if you will.

21 CHAIRMAN CROSBY: One of our key
22 collaborators in this is the lottery. And the
23 prior executive director and I'm sure the new
24 executive director and the interim was

1 committed to using or collaborating on the use
2 of our branding materials. So, that's 14,000
3 retail outlets.

4 So, I'm not sure what the timing is
5 of how we do that, but that's a huge marketing
6 opportunity. They've been incredibly, just
7 again for the record, they've been incredibly
8 cooperative and collaborative. Great, good
9 job.

10 Also, we all without it being a
11 whole thing on GameSense, we can incorporate
12 that video into our remarks when we're out
13 there. That's a great synopsis of the program.

14 COMMISSIONER MCHUGH: The lottery
15 leads me to wonder if someplace somewhere down
16 the line this whole concept and perhaps the
17 brand can't be expanded to -- And this would
18 really be hard to do and hard to figure out how
19 to do. -- other kinds of gambling that are not
20 part of our portfolio.

21 That's for down the line. but I
22 don't see why some of the same concepts
23 wouldn't work once they're tested here,
24 particularly as expanded to the lottery and not

1 a physical place where you get up and take a
2 break or go get a Coke and come back. The
3 lottery is a different milieu.

4 CHAIRMAN CROSBY: Okay. Great.
5 Thank you very much.

6 COMMISSIONER CAMERON: Good work.

7 COMMISSIONER MCHUGH: Is that it?
8 Whew. We've got a couple of visitors here.
9 That's great.

10 MR. VANDER LINDEN: The hub of our
11 GameSense strategy really is our GameSense Info
12 Center. And our GameSense Info Center would be
13 absolutely nothing without the staff that we
14 have there. It leads very smoothly into a
15 discussion about our GameSense Info Center and
16 the fantastic amazing work of our GameSense
17 advisors.

18 MS. WARNER: Excellent. Good
19 afternoon. So, it's been a journey. And it's
20 exciting that we're here today talking about
21 the GameSense Information Center.

22 I'm going to give you just a little
23 bit of an overview but I'm very aware of the
24 fact that you don't want to talk to me, but you

1 really want to talk to these individuals. So,
2 I'm going to go through things quickly.

3 So, since I was here last, we've
4 established a GameSense Information Center.
5 We've hired four GameSense advisors, two of
6 whom are here with me today obviously.

7 We had a very robust training
8 program put in place throughout the month of
9 June that brought in experts from -- We're so
10 extremely here in Massachusetts, we have a
11 number of really well-versed people in this
12 area. So, these folks learned a lot about --
13 They got the basics from Mark in terms of
14 responsible gaming and the GameSense brand.

15 They learned about motivational
16 interviewing. We brought Dr. Ty Lostutter from
17 out in Washington, the University of Washington
18 to talk to them about that because he really
19 specializes in motivational interviewing as it
20 relates to gambling disorder.

21 We had folks come in and talk about
22 self-care and compassion. Trained them on
23 doing the help line, a number of different
24 areas, special populations, all that. But

1 truly the true kind of heart of the training
2 program was when we took them out to learn
3 everything that we knew they needed to learn
4 directly from the source, which was from
5 British Columbia Lottery Corporation.

6 And the folks out there as they've
7 been through this whole process as Mark and
8 Elaine both alluded to, they were fantastic.
9 And really provided a great opportunity for the
10 GameSense advisors.

11 So, we came back and part of the
12 soft opening and from there these folks have
13 been kind of working nonstop. I'm trying not
14 to burn them out, but they've been doing a
15 great job. Meeting the hours of 10:00 a.m. to
16 2:00 a.m. covering that 16-hour shift. Been
17 figuring out our operations and whether it
18 makes sense to have a little overlap between
19 shifts. And I'll let Eddie, our manager, talk
20 about that in a few minutes.

21 Interfacing with Plainridge staff
22 has been a really key piece. Since they've
23 been open, establishing those relationships.
24 It's the number one thing BCLC advised us on

1 that those folks are your biggest allies and
2 advocates for the GameSense Center. And that
3 has been true. They've been great. And again,
4 I'll let them talk a little bit more about
5 that.

6 Mark and I were talking the other
7 day about how we were concerned in the
8 beginning. You look at these sketches, and we
9 thought there's not going to be enough space.
10 We actually have been trying to figure out how
11 to use the space we have. It's actually a
12 little larger I think than we originally
13 thought.

14 But also using it -- Again, I'll let
15 these folks tell you in a second. -- but using
16 it so that it's comforting for the staff but
17 most importantly inviting for patrons. Making
18 sure we have the right furniture. We
19 definitely didn't have the right furniture.
20 So, you all have to come back and take a look
21 at what's there now. Because it's really
22 different from opening day.

23 And we had a table there -- It's
24 been a lot of back and forth. Establishing

1 games and interactive activities has been one
2 of the things that we've been thinking about as
3 well as using some of BCLC's materials.

4 Karen at our office made these
5 gorgeous gift baskets. This was again another
6 major piece that BCLC said people aren't going
7 to just walk up to the table at the Center.
8 You've got to entice them in. So, I'm afraid
9 she's going to leave me and start her own
10 business because she does gorgeous gift
11 baskets. And it definitely worked.

12 The location also couldn't be more
13 ideal. When they said about 85 percent of
14 their patrons would come off those elevators, I
15 think they were spot on. And because of
16 checking IDs and just probably logistics,
17 people are pooling right in front of that space
18 right in front of the GameSense Center. So,
19 it's really an ideal location.

20 VSEs have been, voluntary self-
21 exclusions have been well underway. And these
22 folks have -- We've been honing in on the
23 training and doing the detail work there.
24 Mark's intern Judy, I'm going to give a big

1 shoutout to because she's been remarkable as it
2 relates to that. She is also the technical
3 guru and has gotten those iPads up and working
4 and right. Has been visiting and a lot working
5 on those, so she's been fantastic.

6 COMMISSIONER MCHUGH: A nice
7 shoutout, well deserved.

8 MS. WARNER: Well deserved. The
9 kiosk has been another great tool, the kiosk
10 and the iPads, as I think all of that -- It's
11 easy to know how to converse with someone, but
12 to bring the technology into that conversation
13 has been a bit of challenge at first. But I
14 think it's starting to really work.

15 And then last but not least the
16 evaluation. And that is again something that
17 we're really trying to work on, making sure
18 that every patron gets an opportunity to give
19 some feedback. That's not been without kinks,
20 but we're been working on them. And DOA has
21 been a great partner with that in trying to
22 help the GSAs to really figure out how does
23 that naturally come up in a conversation.

24 So, I'm going to stop talking. And

1 I'm going to let these two talk. And I
2 promised them that you would ask them
3 questions, because they're a little nervous
4 about speaking to you. I said you all would
5 have plenty of questions.

6 But some of the things that I'm
7 hoping that they'll get a chance to talk with
8 you about are something about patron
9 interactions, some of the games and interactive
10 activities they're doing. Eddie has been a
11 tremendous tour guide. And you can talk to him
12 a little bit about touring people through the
13 casino.

14 Interfacing with the staff and maybe
15 some of the demographic and geography of the
16 visitors. So, I'm going to turn it over to you
17 two. This is Eddie DelValle and Megan Daniels.

18 COMMISSIONER CAMERON: One quick
19 question, Marlene, you said DOA?

20 MS. WARNER: Oh, sorry. I'm sorry.
21 I realize I was saying a whole lot of acronyms,
22 the Division on Addictions at Harvard Medical
23 School's Cambridge Health Alliance.

24 COMMISSIONER CAMERON: Okay. I'm

1 just familiar with a different DOA.

2 MS. WARNER: Sorry. So, someone
3 please ask them a question.

4 COMMISSIONER MCHUGH: How's it
5 going?

6 MR. DELVALLE: Thank you for having
7 us here. We really appreciate this. It's
8 great feedback, it's been a very positive
9 journey. At first, it was definitely nerve
10 racking because there was so much thrown at us.
11 But actually everything fell into place.

12 And between the experience of Megan,
13 myself and the other two, everything is falling
14 into place. Some things may be taking a little
15 bit longer, but it's more of an understanding
16 of what GameSense is. I think that's the
17 biggest challenge that we're having.

18 Where when people actually coming
19 in, they still think that it's for counseling,
20 which it's not. As they walk in, they're like
21 oh, this is where you counsel people. And
22 that's not the case. So, we usually have three
23 to five minutes, sometime a 20-minute
24 conversation as to what we do. And when they

1 leave, they leave with pamphlets. They
2 actually want to learn more about it.

3 They're really intrigued and they're
4 really positive about the experience and the
5 visit that they actually have at the GameSense
6 Center, whether it's there or on the floor.

7 COMMISSIONER MCHUGH: What is the
8 tour that Marlene was talking about?

9 MR. DELVALLE: It's funny, because
10 we are required to walk the floor. So, a lot
11 of things is learning where all of the slot
12 machines, where the tables are or certain
13 games. And sometimes patrons come and hey,
14 where's the nearest ATM or where's your Wonder
15 Woman slot machine or -- What's the other
16 popular one? -- Wheel of Fortune. They're
17 always asking.

18 So, I usually take those opportunity
19 and I walk them to the slot machine or wherever
20 they're going. And I have that five-, 10-
21 minute conversation with them to introduce the
22 product.

23 So, it actually works out really
24 good. Sometimes I just walk the whole casino

1 with the patrons, take them down to the
2 racetrack. At the very beginning, they wanted
3 to know where they get the player's card. And
4 a lot of the time let me go for a walk because
5 you have to walk way on the other side to the
6 racetrack area so they can get the card.

7 So, I will take that opportunity and
8 introduce GameSense. So, that's the tour.
9 That's working out very good because honestly,
10 a lot of people already know me by name.
11 They'll come in. They'll say hey. Usually
12 good evening, I've been doing a lot of the late
13 shift.

14 And it's weird, going to like the
15 demographics, going to Canada and just taking a
16 glimpse, now I can see where you start seeing a
17 lot of the same folks. Even though sometimes
18 they say they don't have a problem, but when
19 you see them on day-to-day basis, you kind of
20 create that comfort level where they start
21 communicating with you because they see you
22 there.

23 I even have one lady the other day,
24 she was having her cup of coffee. And she was

1 doing the slot. And some of these slot
2 machines with today's technology got like six
3 or seven lines. I was always used to like the
4 triple seven or the bar. I wasn't really
5 familiar.

6 And she was actually -- Because I
7 was like, how do you know you win? And she was
8 like if you get this golden coin here, but you
9 can't get it over here. I'm like what? So,
10 she took the time to explain. She opened up.

11 So, I actually kind of like that
12 because during that conversation I'm like you
13 know, you're doing it with a budget, you're
14 taking breaks. She's learning. This is like
15 at 1:00 in the morning. She'll come and she'll
16 hang out in the lobby with me and have a
17 conversation which is great.

18 So, I know I'm giving back to the
19 community or we're giving back to the community
20 because it's been a great team and it's been a
21 team effort. And everybody's definitely --
22 Sunday I went in. And Sunday it's not a very
23 popular day. Especially when the weather is
24 nice, people would rather be outside. And I

1 walked in.

2 And the first thing I see is Megan
3 interacting with patrons even though the
4 parking lot wasn't as crowded. It was kind of
5 quiet. But just the fact that people are still
6 there. And like Megan and Amy, they're there.

7 And I know that they're
8 communicating with the patrons, educating them.
9 It's definitely, you know, we're pushing the
10 brand through.

11 The only thing I want to say is that
12 I don't know, and Megan could probably also
13 agree with this is that definitely -- I speak
14 Spanish and English. But moving forward, and I
15 brought this up, somebody that could speak
16 Cantonese because it's a very high population.

17 And they're the ones that kind of
18 tend to ignore us completely even when you're
19 like good morning, good afternoon. They're not
20 rude, but they're real quick. But I know a lot
21 could be -- There could be a lot more that we
22 do for them if we spoke the language.

23 COMMISSIONER STEBBINS: Share with
24 us a little about what each of your background

1 is.

2 MR. DELVALLE: My family is from
3 Puerto Rico, but I was born and raised here in
4 Boston,

5 COMMISSIONER STEBBINS: What were
6 you doing before this?

7 MR. DELVALLE: Before this I was
8 actually running a scholastic program down the
9 street, Benjamin Franklin. I worked for a
10 company managing the program where we provide
11 paid internships to technical students.

12 Before that I run a company called R
13 and K Communications for almost 14 years. It's
14 the person that put the calling cards on the
15 map. It actually was here in Dedham,
16 Massachusetts. So, no matter what calling card
17 you bought in the United State, 90 percent are
18 probably went through us. So, I ran their call
19 center and helpdesk support.

20 COMMISSIONER MCHUGH: And Megan?

21 MS. DANIELS: Hi Commissioners. My
22 background, I was born and raised in Boston.
23 My background is I went to undergrad. for
24 psychology. I went on to get my master's in

1 applied counseling and psychology for mental
2 health counseling. I'm nationally certified.

3 And I worked in a dual diagnosis
4 family behavioral substance abuse center
5 working with all sorts of disorders, whether it
6 was depression, anxiety. There were a few
7 gambling problems there, eating disorders, etc.

8 I also have a background in customer
9 service. I was working at the Black Rose
10 Restaurant for quite a while.

11 COMMISSIONER MCHUGH: At the what?

12 MS. DANIELS: The Black Rose, so I
13 was working there for a while right before I
14 started this job. And that's basically my
15 background.

16 I like working with people. I like
17 interacting and that's what all of my jobs have
18 basically focused round kind of like a helping
19 professional. And now I'm working as a
20 GameSense advisor.

21 COMMISSIONER CAMERON: Customer
22 service at the Black Rose, does that have
23 anything to do with serving alcohol?

24 MS. DANIELS: I'm sorry. Could you

1 repeat that?

2 COMMISSIONER CAMERON: Customer
3 service at the Black Rose?

4 MS. DANIELS: So, we sell stuff as
5 well, all of the different shirts, mugs, things
6 like that. We did a lot of raffles. When I
7 was working there, we did a lot of events as
8 well. So, when people wanted to rent upstairs,
9 there were certain people that would work to
10 cater those parties.

11 COMMISSIONER MCHUGH: When I was
12 down there, you were -- both of you, you had
13 this marble game. Are you still using that?
14 Is it that effective?

15 MS. DANIELS: So, what we had was
16 the marble game. And where it was you had 20
17 marbles in total. 19 were colored say white
18 and one was clear. What you would do is ask
19 people if they knew their odds of winning on a
20 slot machine. So, this activity kind of
21 simulated that in real life.

22 What we would tell them is there are
23 19 non-winning marbles. Because you don't want
24 to use the term losing to make it more

1 negative. And you have one winning marble.
2 After you shut the bag, you would ask them to
3 pull out a marble. The majority of the time,
4 they would pick out a non-winning marble.

5 And then you would ask them again,
6 so now what do you think your odds are at
7 winning? And most of the times they'd reply
8 now it's 18 to one. So, then you would inform
9 them that's untrue. You have to drop it back
10 in and that's how a slot machine works. Every
11 single time it resets. Your odds never
12 increase or decrease your chances of winning.

13 And you would have them do it again,
14 and you would kind of repeat that process. And
15 most of the people were very shocked about it.
16 They really liked it. We were using that
17 marble bag routine for quite some time, but we
18 did transition into a new activity.

19 COMMISSIONER MCHUGH: What's the new
20 activity?

21 MS. DANIELS: So, the new activity,
22 we have a lot of different cards. We usually
23 pick about five. And it's either you chances
24 of rolling snake eyes in craps, getting a full

1 house on your first dealt hand in cards,
2 winning the lottery, getting struck by
3 lightning, I can't recall the last one at the
4 moment. But we do have a bunch of different
5 ones that we rotate in to kind of change it up
6 for the people.

7 And what you would ask them to do is
8 rate it from best chances to worst chances of
9 hitting that type of jackpot. So, you just
10 have them set up the cards in the order that
11 they think their best chances of winning was.

12 And then they would flip it over and
13 we would discuss their chances and tell them
14 which ones were correct or incorrect. And that
15 way we could get GameSense in there to try to
16 like further their understanding of their odds
17 of winning. And with that we'd start telling
18 them how you should take breaks to gamble
19 safely and make it more fun.

20 Remember it's about entertainment
21 not a means of making money. And limit your
22 spending. Set a budget so you're not spending
23 above your means.

24 COMMISSIONER MCHUGH: And what kinds

1 of reactions are you getting?

2 MS. DANIELS: Very diverse
3 reactions. Some people although they're
4 pulling the card over and seeing that they may
5 have been incorrect on their choosing, they
6 won't believe it. I've been doing this for
7 years.

8 And that's how we try to transition
9 into the myth busting type of program we have
10 on the kiosk, which is a little quiz where they
11 can test their knowledge. If they get it
12 correct, it tells them they got it right. If
13 they got it wrong, it corrects them. And
14 there's about 10 questions with that.

15 The people who do get it right,
16 they're very excited about it. They walk away
17 happy. We give them a little prize, whether
18 it's a GameSense pen, a phone charger,
19 something of this sort that kind of makes them
20 feel like they're a winner because they are.

21 COMMISSIONER MCHUGH: Do you find
22 the hot and cold slot machine myth? Is that
23 one that's prevalent? Is that this one is
24 ready to pay off kind of thing?

1 MR. DELVALLE: It's interesting,
2 because walking through the slots, walking
3 through the floor a lot, you see people there,
4 they're focused. And they're touching the
5 screen just to give it good luck. They're
6 praying on it.

7 It's funny, because I try to
8 communicate with them. Once I make that eye
9 contact with them, some of them are actually
10 there for entertainment. And they know it's a
11 myth. But some of them really truly believe
12 and they usually try to keep their conversation
13 at like five seconds or less. Okay, no
14 problem.

15 But it's a challenge to get them to
16 take that myth away from them, because they
17 strongly believe that they're chasing that
18 American dream.

19 COMMISSIONER ZUNIGA: Can I pick up
20 on the first point you made about the
21 perception of what you're doing, the difference
22 between counseling and informing. Could you
23 just elaborate a little bit more and the
24 context as well of are you perceived to be part

1 of the casino or part of the Gaming Commission?
2 Of course, you're sort of neither.

3 COMMISSIONER MCHUGH: Who are these
4 people?

5 MR. DELVALLE: It's funny, because I
6 always get those questions. Honestly, I
7 usually tell them we're part of the state.
8 What we're doing is we're introducing that this
9 is entertainment. We actually want you to have
10 fun. We want you to be pretty much responsible
11 with it.

12 We've got the stage. There's other
13 things to do. It's an entertainment place. A
14 lot of people when they first come in, they'll
15 look. And they'll say oh, this is where you
16 get counseling. And I'll walk over politely
17 and introduce myself.

18 The other day I had a gentleman and
19 he looked at his wife and he said, see hon,
20 this is what you need. Here's some sense. So,
21 you get a lot of humor out of it. It's pretty
22 funny.

23 It's a lot of interaction. And the
24 cool thing is honestly that since introducing

1 the product and just for myself, and I talk to
2 hundreds and hundreds of people on a daily
3 basis, and I can only really remember two
4 negative feedbacks out of it.

5 Everybody is really open to the
6 idea. Everybody's open to what service we're
7 providing, which is more of kind of like we're
8 here. We're here to remind you that this is
9 entertainment not to believe that you're going
10 to hit a big jackpot type of thing.

11 And a perfect example, I was walking
12 one day through the penny slots side. And a
13 gentleman just happen to hit for \$500. I went
14 congratulations. We started a conversation.
15 He thought I worked for the casino.

16 Once I explained to him what I did,
17 he turned around. He was ready to gamble. And
18 I said, you might not want to give it all back.
19 And he turned around. And he said, you know
20 what? You're right. He took it out, went and
21 had coffee with me and then he left. He said
22 if you wasn't here, I probably would have just
23 stayed there.

24 So, it was a good feeling. It's

1 actually great. I'm pretty sure Meg and
2 everybody, pretty much they all feel the same
3 and some of that positive feedback that we're
4 getting.

5 And not just from the patrons, also
6 I remember when we first met you said the
7 casino staff is going to be very important to
8 this. And you're absolutely right, especially
9 with some of the senior employees that are from
10 out of state.

11 They really, really praise us as to
12 what we do and the way we communicate with
13 customers. I met them from Bangor, Maine, a
14 guy from Oklahoma. They're like all senior
15 security staff or slot managers. And all the
16 time, they're giving us positive feedback as to
17 how we actually communicate with the customers
18 and how we relate the message. We say keep
19 having fun but be responsible with it.

20 It's not about counseling. I
21 definitely always try to stay away from that
22 word counseling. It's always like depending on
23 the conversation. What we have here is
24 information. It's for you to take home. It

1 actually explains how slot machines work. Some
2 of the information it probably gets into
3 details about 21 Blackjack.

4 So, it all depends. Some people
5 definitely stubborn and they're stuck in their
6 own ways. But I'm going to say the majority
7 has been a lot of positive feedback.

8 COMMISSIONER STEBBINS: You talked
9 about Sundays during the summer being a little
10 slow. I kind of would project you might have
11 some busier ones come football season comes.

12 Marlene, you talked about the gift
13 baskets, you had people signing up for that. I
14 don't know how many times you've done that
15 since opening day. But what do you do with
16 that information? Is it to communicate back to
17 people that register or is it just to help
18 award the winner or what do you do with that?

19 MS. DANIELS: So, when we first
20 opened up with the soft opening, what we did
21 was have the basket so we could generate people
22 to come over and talk to us because when they
23 see a basket, they're interested.

24 So, we would let them know it's free

1 you just have to answer a quick question first.
2 What we would do is ask them what they think
3 about when they see the word GameSense? You're
4 also doing a marble bag and a few other
5 activities at once to get people to want to
6 come join in. So, once they see people having
7 fun, they want to be a part of it.

8 We were only taking the person's
9 name and phone number as part of the
10 information for the raffle. But in order to
11 sign up for the raffle, you had to participate.
12 So, that's how we were really getting our name
13 out there right at first.

14 We haven't done another raffle
15 since. But we've been doing a lot of other
16 different educational activities that are
17 interactive. And one of the great things that
18 we present it with is it's free. You don't
19 have to spend anything. Come over and spend a
20 minute with us. It's free. It's one of the
21 only things that's going to be free in here.

22 MR. DELVALLE: And you still walk
23 out with a little gift.

24 MS. DANIELS: And again, we provide

1 them with something afterwards that's all
2 branded with GameSense. So, even if they
3 didn't want -- someone wasn't really taking
4 what we were saying, they're walking away with
5 something that's branded by us. So, they're
6 going to look at it eventually and see us
7 there.

8 COMMISSIONER ZUNIGA: I think
9 parking is the only other one.

10 MS. DANIELS: Unless you valet, I'm
11 not sure about valet.

12 COMMISSIONER MCHUGH: You obviously
13 walk around the floor. And you just stop and
14 talk to people?

15 MS. DANIELS: I said no as he said
16 yes.

17 COMMISSIONER MCHUGH: Two different
18 approaches.

19 MR. DELVALLE: There's two different
20 approaches. Everybody has their own style.
21 Yes, for the most part -- Some people come up
22 to me and ask me do I work here. Once I
23 usually make that eye contact, I introduce
24 myself. Usually, the first thing out of their

1 mouth is do you work here?

2 And I say yes, but I don't work for
3 the casino. Then I take it from there.

4 MS. DANIELS: So, going off what
5 Eddie said, how I responded no I don't approach
6 people, what we've noticed is I've been doing a
7 lot of the 10:00 a.m. to 6:00 p.m. shifts.

8 COMMISSIONER MCHUGH: 10:00 a.m. to
9 6:00 p.m.?

10 MS. DANIELS: Yes. And Eddie's been
11 doing a lot of the 6:00 p.m. to 2:00 a.m. I've
12 been reporting back to Eddie saying I can't
13 really get anyone to talk to me on the gaming
14 floor. Nobody really wants to speak to me
15 during the day.

16 Because he's telling me oh, yeah. I
17 talked to this one at night. I did this. I
18 was hanging out over here talking to so many
19 people. I was just like what am I doing
20 differently?

21 COMMISSIONER MCHUGH: It's you?

22 MS. DANIELS: That's what I said.
23 So, we've come to notice is the different
24 demographics of people. During the 10:00 a.m.

1 to 6:00 p.m. hours I'm around are a lot of
2 older elderly persons who when they're in
3 there, they just want to get right to a machine
4 want to get their player cards in, are kind of
5 tunnel vision at that time.

6 When I do walk around, I just smile
7 and try to make eye contact. When I do, I say
8 how are you doing? Do you need water? Do you
9 need anything to try to get their attention.
10 Drawn them off just for a moment because I have
11 seen those people who have been sitting there
12 for many hours without taking a break. I have
13 observed that.

14 So, I would say the timeframe of
15 when we're working and the different types of
16 people who come in is a different type of day.
17 Because during the hours I've been working from
18 10:00 a.m. to 6:00 p.m. I feel people are just
19 solely gambling. That's it or gaming.

20 When Eddie comes in there's also
21 live entertainment. There's a band that plays
22 -- There's different bands that play every
23 single night. So, there's a lot of other
24 things to do in there, and a lot of other

1 socializations you can make at a different time
2 of the day.

3 When I do walk down to the
4 racetrack, I get a lot of different looks
5 because I'm a lot younger than the people in
6 there. So, a lot of persons will approach me
7 and say what are you doing in here? What are
8 you? What is GameSense?

9 And I take that opportunity to sit
10 and talk to people. So, I've been able to make
11 a lot of good connections and conversations
12 with people.

13 So, Eddie has a much easier time
14 approaching people at night where I do not have
15 that luxury during the day.

16 COMMISSIONER MCHUGH: Eddie, do you
17 are working the racing area too?

18 MR. DELVALLE: Yes, I do.

19 COMMISSIONER MCHUGH: So, you both
20 go into the racing area.

21 MR. DELVALLE: It's interesting
22 because I have met people in there that have
23 not step foot inside the casino floor. They're
24 solely the racing area. That's it. They don't

1 even want to know about the other side, which
2 is interesting because I was assuming that they
3 go back and forth, but that's not the case.
4 People are just strictly there. They go right
5 in there and that's it.

6 MS. WARNER: The thing I was going
7 to add was -- the interesting thing is that
8 Megan has done the vast majority of our
9 voluntary self-exclusions. So, she's spending
10 a lot of that time during the day doing those.

11 And actually we were worried she
12 wasn't going to make it here on time. Someone
13 requested her in particular. They didn't want
14 to do it onsite at the casino. So, she came
15 into our office in downtown Boston and she did
16 the VSE there.

17 So, she's kind of making a name for
18 herself already as it relates to voluntary
19 self-exclusion.

20 CHAIRMAN CROSBY: How many people
21 are on the VSE right now?

22 MR. DELVALLE: Twenty, as of right
23 now we actually did 20 applications. It's been
24 interesting, they've all been done usually

1 between Sunday and Thursday. It's funny on the
2 weekend usually after Thursday night, Friday
3 night, Saturday night, it's strictly about
4 entertainment. Eighty percent of the people
5 that go there -- Some people they don't even
6 gamble. They just go straight to the stage, to
7 the bar, Flutie's. They don't even bother.

8 The casino floor is busy but we
9 notice the interaction is kind of like unless
10 there's entertainment and you're playing music
11 and break dancing or something they want to
12 know about you.

13 CHAIRMAN CROSBY: That I've got to
14 see.

15 MS. WARNER: We're going to do that
16 next. That's our next training.

17 CHAIRMAN CROSBY: You anticipated
18 something I was thinking about about the
19 different age and how the demographic changes.
20 Would an older person be more accessible for
21 the daytime audience? Or is it really not
22 that, it's just that they're much more
23 committed to sitting there and gambling?

24 COMMISSIONER ZUNIGA: An older

1 advisor?

2 CHAIRMAN CROSBY: An older advisor,
3 right.

4 MR. DELVALLE: I think right now
5 it's one of those things that I personally
6 started working more day shifts too. I think
7 it's more of coaching and how to approach the
8 people and how to feel them out.

9 I did notice the first Monday that I
10 walked in there I really thought I was at a
11 senior center of Mardi Gras. I was tripping
12 over the walkers, oxygen tanks. They were all
13 zoned in. It's definitely different. It's
14 something to actually definitely look at.

15 Some of the interactions that I've
16 had with them, to be honest with you, have
17 still been positive. But it's not as high in
18 the evening where people are actually willing
19 to talk to you and chat with you.

20 They're more of leave me alone. I'm
21 having my coffee and I'm gambling type of
22 thing. So, it may make a difference. It's
23 something to actually definitely look into the
24 future.

1 COMMISSIONER CAMERON: Would part of
2 that be coffee in the morning, beer at night,
3 you know a little more chatty?

4 MR. DELVALLE: Honestly, it could
5 be. I never really see anybody really get out
6 of hand with the alcohol. I have noticed a
7 couple of incidents where people were escorted,
8 but nothing major or crazy actually.

9 COMMISSIONER CAMERON: I didn't mean
10 -- I just meant a willing to chat because
11 they're in a social kind of a --

12 MR. DELVALLE: Yes, definitely. It
13 could be, yes.

14 CHAIRMAN CROSBY: Do you have some
15 metrics? Are you now keeping records of
16 meaningful contacts?

17 MR. DELVALLE: Yes.

18 CHAIRMAN CROSBY: Like how many have
19 you had? How many do you have during the
20 course of the day or the week?

21 MR. DELVALLE: We have to change --
22 We've been working with Cambridge Alliance.
23 And we had to change some of the meanings.
24 Because at first the meanings kind of didn't

1 match. So, now we're actually starting to have
2 a better sense of what we need to type into the
3 iPad.

4 The reason was because we would have
5 these five-minute, 10-minute interaction with a
6 customer and they would interact back. And to
7 me that was actually meaningful. That means
8 they actually were interested.

9 But the meaning for them was kind of
10 a little different where their meaning was like
11 they needed to take prizes and they need to
12 participate in the games and things like that.
13 It's kind of like a 50-50. Some people like to
14 participate in a game and they'll interact with
15 you. But some people just a normal
16 conversation like we're having right now. They
17 were very interested in it.

18 They actually enjoyed talking to us.
19 And they'll take a pamphlet home and that's it.
20 That was it. So, to me that's meaningful. But
21 just because they didn't take the extra step to
22 do a survey or play a game or whatever was
23 stated on the meaningful --

24 CHAIRMAN CRSOBY: So, whichever

1 information you use, how many do you have?

2 MR. DELVALLE: Right now we don't
3 even see the numbers to be honest with you.
4 That's with the --

5 MS. WARNER: We have numbers. I
6 would say they're wildly off from reality. The
7 numbers that these folks are able to actually
8 plug into the iPad -- We got to a point, you
9 guys saw the opening, for the first two weeks
10 they were literally just doing slashes on a
11 piece of paper for the amount of people they
12 would interact with, without the ability to
13 actually go in and input anything.

14 So, we're trying to make it a little
15 bit easier. We're trying to take a breath even
16 mark those somewhere. But I think that we're
17 way off the mark in terms of reality at this
18 point. I don't even know. Do you remember
19 what the last report said from DOA?

20 MR. VANDER LINDEN: I don't.

21 CHAIRMAN CROSBY: That's perfectly
22 understandable. That's one of the debugging in
23 this thing.

24 MS. WARNER: Yes.

1 COMMISSIONER ZUNIGA: You said way
2 off as in you have not been capturing as much
3 of the many interactions.

4 MS. WARNER: I was definitely
5 worried at one point in the planning for this
6 that they could be bored. They've not been
7 bored. It's been nonstop.

8 Everyone knows, the projections are
9 way off in a good way at the casino. So, in
10 turn these folks have had a ton of customers to
11 be interfacing with. And again, have done it
12 in a really good way.

13 And again, we're also still learning
14 kind of how to -- People come and sit in the
15 GameSense Center because there are open chairs.
16 So, you chat with them. And then you figure
17 out another topic. At some point, you run out
18 of things and they're just sitting there. And
19 that's okay.

20 There've been issues with families
21 coming in. The Connecticut casinos have places
22 where you can drop children. This one does
23 not. I don't know if the word hasn't gotten
24 out yet that there's not a daycare center

1 onsite. So, they seem to think the GameSense
2 Center is it.

3 So, I will say that your gaming
4 agents have been fantastic. Surveillance is
5 doing their job because they come down
6 immediately. I don't know if you want to talk
7 about that at all. They see a kid left and
8 they come right down and come and support these
9 guys as it relates to that.

10 MS. DANIELS: I just wanted to add
11 in relation to what we were speaking before
12 about communicating with people on the gaming
13 floor and how I've noticed the different age
14 range of people. What Marlene is saying about
15 us having open seating has benefited me during
16 the 10:00 to 6:00 shift with the older
17 population, because if they do want a seat,
18 they're going to come sit near me. Is it okay
19 if I sit here? Of course. And then I start a
20 conversation with them.

21 So, the majority of my interactions
22 have been in the Game Center itself during the
23 day rather than out on the floor. And then
24 once they're sitting, I can offer them coffee

1 because were given a Keurig. So, that helps as
2 well because it gets them to stay longer and
3 talk.

4 We can offer them water. Then at
5 that time, I can also show them the different
6 videos we have related to GameSense on an iPad
7 if they're willing to discuss it that far with
8 me.

9 So, the seating area has been
10 definitely helpful. But at times when kids
11 come in and we're trying to get a family out of
12 there, the seating hasn't really helped but
13 security has been great to come down and
14 intervene with the interaction. So, it's been
15 great so far. It's been very helpful.

16 CHAIRMAN CROSBY: This is really
17 impressionistic probably but you were talking
18 about during the daytime people just want to
19 come in. You've talked about seeing people
20 there for hours. You're now getting to know
21 some people who come back again. Do you have a
22 sense of how many people are in trouble? Do
23 you come to work and you are depressed because
24 there's a whole lot of people in trouble or

1 not? What's your reaction to what's happening
2 there?

3 MR. DELVALLE: Honestly, there's
4 times that I will look at certain people and be
5 like gee, I wish they would actually take the
6 time to notice me or engage in a conversation.
7 But I totally understand where you can't tell
8 them what to do or what not to do.

9 But there's certain people like the
10 lady, now she's taking the time to open up with
11 me. And she'll go in the lobby. And she'll
12 hang out and she'll take breaks. As I'm
13 talking to her -- There's also a Spanish couple
14 that comes in. Every Thursday and Friday and
15 Saturday they usually come about 12:30. I
16 already know the time they get there.

17 They take the time to come and talk
18 to me. And I always joke. Are you doing it
19 with a budget. You're having fun type of
20 thing. He's like oh, yeah. My wife wanted to
21 come. Sometimes the gentleman won't even
22 gamble. His wife just wants to do a couple of
23 slots and then they'll leave.

24 So, certain communication like that

1 it actually brings some certain comfort to
2 them. Because some people are probably doing
3 it definitely with a budget, I just can't
4 assume that they're not. But there's certain
5 individuals there that I'm like gee, I wonder
6 how I can actually attract their attention.
7 What could I do differently for them to at
8 least say hi?

9 They're there. And they get up and
10 straight to the ATM and then right back to the
11 seat.

12 CHAIRMAN CROSBY: What were you
13 going to say to that?

14 MS. DANIELS: I was just going to
15 say from my personal experience, walking around
16 the gaming floor and like Eddie said, seeing
17 those people who you can tell they may be
18 having a problem with their behaviors, it is
19 difficult to see. But you know you can help
20 them if they're willing to take it.

21 So, my approach kind of was walking
22 around that area a little bit more because we
23 do have a green shirt on. So, we are a lot
24 more noticeable. For someone that has walked

1 by me who I've noticed a few times, I'll just
2 make an effort to smile and say hello to
3 actually grab their attention.

4 I won't overstep their personal
5 boundary by interrupting them while they're
6 playing a game. But the second I can walk by
7 them if they are going to a different machine,
8 I try to make that effort just so that they can
9 see my face and see me in a green shirt and
10 associate that hopefully with GameSense.

11 What we just got also was a sign
12 that says GameSense on it that is posted right
13 on the wall. So, when you're leaving the
14 casino floor, you're now seeing a big sign
15 that's now advertising for GameSense.

16 Before you could see the kiosk. You
17 could see our table set up, but now it's really
18 hard to miss. So, everybody is going to be
19 able to see it. And hopefully with that it
20 will help more people associate us with the
21 GameSense itself and not just two people
22 walking around with green shirts on.

23 CHAIRMAN CROSBY: You don't find it
24 a depressing environment?

1 MS. DANIELS: No.

2 MR. DELVALLE: No, it's not.

3 MS. DANIELS: It has a mental or
4 emotional toll like that when you're in a VSE
5 with someone who is struggling. As long as you
6 can be empathetic and you can show them you
7 truly care about the process that they're going
8 through and that you're there to support them,
9 it's great, because it's more rewarding than
10 anything.

11 So, I haven't had a personal
12 experience where it's been oh no, I have to go
13 to work. This is depressing. Because that
14 hasn't happened at all.

15 CHAIRMAN CROSBY: Good.

16 MR. DELVALLE: Actually, I really
17 enjoy it.

18 COMMISSIONER MCHUGH: Well, I spent
19 some time talking with both of you the first
20 day and watching you. And I think that the two
21 of you are terrific. And your ability to
22 interact with people and do all of the things
23 that you're talking about here and have these
24 conversations. We stood and talked to a nice

1 woman and her daughter who was down there for
2 her 70th birthday and we got into Monte Carlo
3 and all of this various things. And it's a
4 terrific program. But your ability to interact
5 with people and your striving to find new ways
6 is just terrific. It's going to make this
7 thing really work.

8 We've got a great set up and
9 advertising, but it is really comes down to you
10 on the floor. So, keep it up. It's great.

11 COMMISSIONER CAMERON: Thank you.
12 It's very interesting.

13 MS. DANIELS: I just want to add one
14 more thing. We've gotten a lot of positive
15 feedback about our VSE program, how the state
16 of Massachusetts takes the time to actually
17 discuss every step with them and go through it.

18 So, most of our VSEs have excluded
19 from either Twin Rivers, Foxwoods, Mohegan and
20 not one person has had a complaint about our
21 process because they like how we're not just
22 putting them up against the wall to take a
23 picture, sign a paper and send them on their
24 way. So, they've really appreciated all that

1 we're doing as not only GameSense advisors but
2 the actual contract itself.

3 COMMISSIONER MCHUGH: That's really
4 great.

5 CHAIRMAN CROSBY: That's great.
6 That's really terrific.

7 COMMISSIONER CAMERON: Excellent.

8 MR. DELVALLE: And one of the key
9 words that sticks out that people normally say
10 about the VSE and how they've done it before is
11 they made me feel like a criminal. I've had
12 three people say that directly after they were
13 done. And especially I try to give them a
14 water cup, a couple of gadgets. I'm like here
15 you go. Have a good day.

16 I actually had one gentleman that
17 after he signed, he was like you know what
18 sucks? Just like that you know what sucks, I
19 can't come back here and visit you. Just like
20 that. But it was good. It's a good feeling
21 actually when you get that kind of positive
22 feedback after they took that decision to
23 themselves to make it.

24 CHAIRMAN CROSBY: That's incredible

1 insight to hear.

2 COMMISSIONER MCHUGH: That is great.

3 COMMISSIONER CAMERON: Thank you.

4 CHAIRMAN CROSBY: Thank you very
5 much. We'll have you back. All right. Are we
6 getting close, Mark?

7 MR. VANDER LINDEN: Yes. When
8 Elaine and I were talking about how we wanted
9 to create a brand and an approach that's
10 trustworthy and knowledgeable, friendly, I
11 think that these, our GameSense advisors really
12 -- We created it and they embody it. That's
13 fantastic.

14 CHAIRMAN CROSBY: Great. Thank you,
15 Marlene. You get a lot of the credit.

16 COMMISSIONER CAMERON: Excellent
17 recruiting. Janice helped a little.

18 MR. VANDER LINDEN: We have one
19 final agenda item and it's the Responsible
20 Gaming Education Awareness Week August 3
21 through 7. And it's a national campaign
22 originally started by the American Gaming
23 Association.

24 We in Massachusetts have obviously,

1 as you've seen for the past hour taken
2 responsible gaming incredibly serious in how we
3 approach this. And I think that Responsible
4 Gaming Education Awareness Week is just another
5 way that we can take some of the great work
6 that we've done and say you know what, we can
7 always do it better. We can always use this
8 week as a reason to continue to advance this
9 purpose.

10 So, I wanted to highlight that that
11 that is coming up. Marlene has some specific
12 ideas and initiatives. And Plainridge Park
13 Casino has also has been working closely with
14 our GameSense team to develop a plan for that
15 week.

16 CHAIRMAN CROSBY: They have been?

17 MR. VANDER LINDEN: Yes.

18 MS. WARNER: There's not a whole lot
19 to report here other than we are going to take
20 it seriously, I think obviously as Mark says
21 and you all know responsible gambling is a
22 year-long process. There are two main points
23 in the year that we're going to highlight it in
24 a more intense way than normal, which the

1 Responsible Gaming Education week which is
2 always the first week of August. And then
3 throughout the month of March, which is
4 National Problem Gambling Awareness month.

5 Our goal through the Mass.
6 Partnership on Responsible Gaming, which is a
7 program of the Mass. Council on Compulsive
8 Gambling is to look at all of the licensees,
9 the lottery and anyone else who's interested
10 and make sure that there's some universal
11 pieces.

12 I think the RGEA week, which is the
13 coming up in August is really a great
14 opportunity to get employees involved. First
15 and foremost employees have higher rates of
16 gambling disorder than others than the general
17 public. That is a well-documented fact, in
18 particular with casino employees.

19 So, that is something that Roberta
20 at Plainridge and I have been talking about
21 working on trying to think about getting a
22 baseline. They did in their initial
23 orientation 6000 different topics. One of
24 which was responsible gaming. And trying to

1 find out what do people think GameSense is.

2 What do they think is happening?

3 What do they need? I think that to
4 me that is the biggest question.

5 CHAIRMAN CROSBY: You're talking
6 about they the employees?

7 MS. WARNER: They the employees,
8 sorry. What do they need? Is there
9 infrastructure? Are there tools? Are there
10 resources? What do they need? And trying to
11 provide that.

12 I know Roberta is also planning on
13 kicking off just prior to and then continuing
14 on with their responsible gambling committee
15 that will be onsite at Plainridge. And then
16 certainly leaning on the GameSense advisors to
17 provide some information to employees.

18 Even above and beyond the survey,
19 pre-shift meeting and other things like that
20 where she can really help incorporate the idea
21 of GameSense for the employees. Again, we
22 can't stress enough how key those employees are
23 in terms of raising the education levels of
24 responsible gaming.

1 So, obviously the other licensees
2 aren't going to have that same benefit having
3 no building, not employees. But there are
4 opportunities for them to be public in the
5 outreach that they do in the host and
6 surrounding communities about this issue.

7 It's hopefully something -- And
8 we're talking about this at that MPRG meeting
9 onsite at Plainridge. So, my hope is in the
10 spirit of taking a tour of the GameSense Center
11 tomorrow while talking to some of the GameSense
12 advisors they will have an opportunity to also
13 just brainstorm some ideas that would be easily
14 done even if they don't have a facility,
15 employees that can be something -- because the
16 GameSense brand doesn't wait until the doors
17 open.

18 It's something that we can
19 definitely be increasing knowledge of. As Mark
20 and Elaine said so well, the circle has been
21 small around Plainville but we really wanting
22 to build that brand statewide would be so
23 incredible if people had an awareness of
24 GameSense long before the doors open in

1 Springfield and Everett.

2 COMMISSIONER MCHUGH: Maybe through
3 the lottery in addition to all of the other
4 things.

5 MS. WARNER: That's right. So,
6 Interim Director Michael Sweeney has been
7 fantastic as Chairman Crosby alluded to. And
8 to your point earlier, Commissioner McHugh,
9 they're in the process of revamping their
10 entire technical system and putting that out to
11 bid. And they're looking at compliance issues,
12 but they're also looking at GameSense brand and
13 how all that might happen.

14 The lottery for Responsible Gambling
15 Education week has always been a good partner.
16 And they have printed up materials before.
17 They have put things on their website. They've
18 put POS, point of sale materials up at their
19 7600 retailers. So, all of those are options.

20 COMMISSIONER MCHUGH: Very exciting.

21 COMMISSIONER CAMERON: Thank you.

22 COMMISSIONER ZUNIGA: I'll be there
23 tomorrow, right -- for that meeting?

24 MR. VANDER LINDEN: Yes. The Mass.

1 Partnership for Responsible Gaming. That's
2 been a fantastic convening body that Mass.
3 Council has led to talk about responsible
4 gaming issues.

5 CHAIRMAN CROSBY: Great. Anything
6 else?

7 COMMISSIONER CAMERON: Thank you.

8 COMMISSIONER MCHUGH: Thank you.

9 MR. VANDER LINDEN: I have one final
10 issue just to bring to your attention. It's
11 not on the agenda, but I wanted to acknowledge
12 Director Steve Keel from the Massachusetts
13 Department of Public Health. He's their
14 Director of Problem Gambling Services. He and
15 I have worked very closely over the past year
16 and a half. And he has announced his
17 retirement next month. I just want to say
18 Steve, what a great privilege and pleasure it's
19 been working with you to advance this cause, to
20 advance these issues. And that the partnership
21 with the Massachusetts Department of Public
22 Health is so very important to us. Having
23 people like Steve to work with to advance that
24 has made it so much easier and its meaningful

1 work.

2 COMMISSIONER MCHUGH:
3 Congratulations Steve. Thank you very much.

4 COMMISSIONER CAMERON:
5 Congratulations.

6 COMMISSIONER STEBBINS: He's even
7 got his GameSense colors on.

8 COMMISSIONER ZUNIGA: Just to add to
9 that, thank you very much Steve for your work.
10 Your work has been very valuable to Mark, to us
11 and to Massachusetts as a whole.

12 CHAIRMAN CRSOBY: I want to add to
13 that too Steve that one of the unknown really,
14 and unappreciated dimensions of what we're
15 doing in Massachusetts is working hand in glove
16 with the Department of Public Health, which is
17 basically unprecedented. And you have been a
18 critical part of making that relationship
19 materialize and become realistic and become
20 operational. So, we really, really appreciate
21 it. It's a strength of casino gambling in
22 Massachusetts that's extremely unusual and that
23 you guys are really a critical part of. So,
24 thank you.

1 All right, motion to adjourn?

2 COMMISSIONER STEBBINS: I have a
3 quick note. We're saying good bye to Steve,
4 but there's a gentleman in the back of the room
5 who has also followed us, stalked us.

6 CHAIRMAN CROSBY: I thought he was
7 one of the Commissioners.

8 COMMISSIONER STEBBINS: I thought he
9 was on staff. I keep looking for him around
10 the office. But Barry Haught from the United
11 Auto Workers has been a very thoughtful
12 participant at all of our meetings. On a
13 couple of occasions, he brought in some folks
14 to testify about issues around workplace
15 safety. He has gone to all of our surrounding
16 and host community hearings as well. And he's
17 getting ready to transition to a new job next
18 month. He thought this might be his last
19 meeting. So, I'd like to acknowledge Barry.
20 And we'll miss you. I can give you my
21 GameSense pen on the way out the door. But
22 wish you luck and we'll see you around.

23 CHAIRMAN CROSBY: Don't forget, you
24 can always watch us streaming live. Good luck.

1 Motion to adjourn?

2 COMMISSIONER ZUNIGA: So moved.

3 CHAIRMAN CROSBY: All in favor, aye.

4 COMMISSIONER MCHUGH: Aye.

5 COMMISSIONER ZUNIGA: Aye.

6 COMMISSIONER STEBBINS: Aye.

7 CHAIRMAN CROSBY: No opposed. Thank

8 you all.

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10 (Meeting adjourned at 3:45 p.m.)

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1 ATTACHMENTS:

- 2
- 3 1. Massachusetts Gaming Commission July 23,
4 2015 Notice of Meeting and Agenda
- 5 2. Massachusetts Gaming Commission July 9,
6 2015 Meeting Minutes
- 7 3. Massachusetts Gaming Commission July 21,
8 2015 Memorandum Regarding Suffolk Downs -
9 August 8, September 5, and October 3, 2015
10 with attachments
- 11 4. July 22, 2015 Letter of KG New Bedford,
12 LLC Regarding Notice of KG Urban's
13 Withdrawal of its Region C Application
- 14 5. Massachusetts Gaming Commission July 16,
15 2015 Letter Regarding KG New Bedford
16 Application Issue
- 17 6. Massachusetts Gaming Commission July 7,
18 2015 Memorandum Regarding Temporary Key
19 Gaming Employee Licenses Issued
- 20 7. Penn National Quarterly Report as of
21 June 30, 2015
- 22 8. Massachusetts Gaming Commission July 23,
23 2015 Memorandum Regarding Status Update on
24 Play Management

1 GUEST SPEAKERS:

2 Bruce Barnett, DLA Piper

3 Chip Tuttle, Suffolk Downs

4 William Lagorio, Trainer

5

6 Jack Rauen, Penn National

7

8 Eddie DelValle, GameSense

9 Megan Daniels, GameSense

10 Marlene Warner, Massachusetts Council on

11 Compulsive Gambling

12

13 MASSACHUSETTS GAMING COMMISSION STAFF:

14 Catherine Blue, General Counsel

15 Richard Day, Executive Director

16 Elaine Driscoll, Director of Communications

17 Todd Grossman, Deputy General Counsel

18 Alex Lightbaum, Interim Director of Racing

19 Mark Vander Linden, Director of Research and

20 Responsible Gaming

21 Karen Wells, Director Investigations and

22 Enforcement Bureau

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C E R T I F I C A T E

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

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

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

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

WITNESS MY HAND this 25th day of July, 2015.



LAURIE J. JORDAN
Notary Public

My Commission expires:
May 11, 2018