

1 THE COMMONWEALTH OF MASSACHUSETTS
2 MASSACHUSETTS GAMING COMMISSION
3 PUBLIC MEETING #160
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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 August 6, 2015 10:30 a.m. - 4:33 p.m.

20 HYNES CONVENTION CENTER

21 900 Boylston Street, Room 207

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

CHAIRMAN CROSBY: Good morning everybody. We're calling to order 160th meeting of the Massachusetts Gaming Commission -- You've been here at all of them, I think. -- August 6th, 10:30 at the Hynes Convention Center.

We start as always with approval of the minutes, Commissioner McHugh.

COMMISSIONER MCHUGH: Mr. Chairman, thank you. We have two sets of minutes today. I will do them seriatim. First is the July 23, 2015 minutes. I'd move their approval as they appear in the book with the customary reservation of rights for typographical and mechanical errors.

CHAIRMAN CROSBY: Any comments?

COMMISSIONER CAMERON: I second.

CHAIRMAN CROSBY: All in favor, aye.

COMMISSIONER MCHUGH: Aye.

COMMISSIONER CAMERON: Aye.

COMMISSIONER ZUNIGA: Aye.

COMMISSIONER STEBBINS: Aye.

1 CHAIRMAN CROSBY: Opposed? The ayes
2 have it unanimously.

3 COMMISSIONER MCHUGH: Then the
4 second set is those for July 29. I'd make the
5 same motion to approve them as they appear in
6 the materials with the reservation of rights
7 for mechanical and typographical errors.

8 CHAIRMAN CROSBY: Second?

9 COMMISSIONER STEBBINS: Second.

10 CHAIRMAN CROSBY: Any discussion?

11 All in favor, aye.

12 COMMISSIONER MCHUGH: Aye.

13 COMMISSIONER CAMERON: Aye.

14 COMMISSIONER ZUNIGA: Aye.

15 COMMISSIONER STEBBINS: Aye.

16 CHAIRMAN CROSBY: Opposed? The ayes
17 have it unanimously. Item number three is the
18 ombudsman, Mr. Ziemba.

19 MR. ZIEMBA: Good morning, Mr.
20 Chairman and Commissioners. Bob DeSalvio and
21 Jacqui Krum from Wynn MA, LLC and Chris Gordon
22 of the Dirigo Group will provide detail
23 regarding Wynn's latest filing under the
24 Massachusetts Environmental Policy Act, its

1 second supplemental filing environmental impact
2 report.

3 A decision on the Wynn filing is
4 expected by August 28. With that introduction,
5 I'll ask the Wynn team to make its
6 presentation. Thank you, Bob.

7 MR. DESALVIO: Good morning,
8 everyone. Thank you, John. Good morning,
9 Commissioners. We are very pleased to be here
10 today to report to you an update on where we
11 are with this environmental filing. And I
12 thought it would probably be best to start with
13 a little historical perspective.

14 So, if you would turn your
15 presentation to page three, I just want to go
16 through a little bit about the background on
17 how we got to where we got to today. We
18 started the process back in May 2013 with the
19 expanded environmental notification form. That
20 was filed in December, December 16, '13 with
21 the DEIR, the draft environmental report. We
22 then filed our final June 30, 2014. And our
23 supplemental filing was February 17, '15.

24 Now we are here. Just last month we

1 submitted our second supplemental environmental
2 impact report. And that gets us to current.

3 And if you turn to page four, what
4 you really see is that over the course of these
5 five filings in a two-year period, we've now
6 submitted about 10,000 pages worth of material
7 and detailed analysis on the project.

8 We've received 275 comment letters,
9 but in those comment letters there are multiple
10 comments. So, in total we've responded now to
11 over 1500 comments. And I won't read all of
12 the various communities and agencies, but the
13 list as you can see is extensive from towns in
14 our surrounding area to all of the major
15 agencies that would be interested or have
16 review processes for this particular document.
17 So, to say it would be comprehensive might be
18 the understatement of the year. And we really
19 feel very good about where we are today with
20 this.

21 When we got our Secretary
22 certificate in March or in April of this year,
23 April 3, 2015, the Secretary limited the scope
24 for the supplemental filing to five major

1 items. Number one was the land acquisition
2 from the MBTA and the impacts on the operations
3 at the Everett facility right near our project.

4 The second item was a discussion and
5 ultimately an agreement between us and the MBTA
6 on Orange line operating subsidies, which
7 you're going to hear a little bit more about
8 later.

9 The third item was for Wynn to
10 participate in a planning process for the long-
11 term improvements to the Rutherford Avenue
12 corridor. And we'll give you an update on that
13 as well.

14 When you do the supplemental
15 filings, of course, you've got to update the
16 Section 61 Findings that go along with it if
17 you've made any changes. And then of course
18 always responding to any comment letters that
19 we received on the SFEIR as well. That was the
20 limited scope for this particular document.

21 And for the first item, which is the
22 discussion about the MBTA land transaction, I'm
23 going to turn this one over to Jacqui Krum.

24 MS. KRUM: Good morning,

1 Commissioners. In February 2015, as you know,
2 we acquired three small parcels of land from
3 the MBTA Everett shops facility which is
4 located immediately north of our project site.
5 These parcels totaled 1.75 acres.

6 And I just wanted to show you on a
7 map where these three parcels are. So, this
8 identifies parcel one, parcel two, parcel
9 three. And if you go to the next slide, we've
10 highlighted what portion of the property this
11 encompasses.

12 This acquisition was the culmination
13 of discussions beginning in 2013. During these
14 discussions there were many variations on what
15 we could potentially acquire from the MBTA. At
16 one point, we looked at acquiring the entire
17 facility.

18 At another point, we looked at
19 acquiring their storage facility and rebuilding
20 another storage facility for them. And
21 ultimately, what we agreed upon were these
22 three small parcels.

23 CHAIRMAN CROSBY: Was it the
24 difference -- There's been talk about sometimes

1 it was \$30 million. It ended up being \$6
2 million. Is that because at one point the
3 whole thing was being discussed and that was
4 the \$30 million give or take?

5 MS. KRUM: That's exactly correct.

6 CHAIRMAN CROSBY: Because there's
7 been a lot of misunderstanding about that.

8 MS. KRUM: Right. These three
9 parcels were never at a \$30 million discussion
10 point.

11 Driving these discussions, our
12 primary concern was making sure that there was
13 no impacts to the MBTA facility. And making
14 sure that whatever land we received would not
15 have any negative impact on the facility and
16 that we would mitigate all those impacts.

17 The transaction went through the
18 MBTA's bidding process which included
19 publicizing in various publications including
20 the Boston Globe and Environmental Monitor.

21 Following our filing of our SFEIR,
22 the MassDOT submitted comments stating that due
23 to a breakdown in its processes, the deed was
24 executed and delivered prior to the completion

1 of the MEPA process. And the transfer of the
2 acquired parcels should have been conditioned
3 on the conclusion of the MEPA process and the
4 issuance of the Secretary certificate.

5 CHAIRMAN CROSBY: This is the MEPA
6 process for this land.

7 MS. KRUM: No, for the project. So,
8 for the specific purpose of ensuring full
9 compliance with MEPA, we agreed to structure an
10 escrow agreement with the MBTA. Pursuant to
11 the terms of this escrow agreement, which was
12 entered into in April 2015, we executed a quit
13 claim deed. And the MBTA put the \$6 million
14 purchase price back into escrow.

15 Following a successful MEPA
16 evaluation and a Secretary's certificate and a
17 60-day waiting period, if that's successful,
18 the land will be released to us and the money
19 will be released back to the MBTA.

20 We have also agreed that we will not
21 start any preconstruction or construction
22 activities on the MBTA property until such time
23 as this is fully vetted.

24 I want to make clear that we had

1 discussed this transfer in previous filings.
2 And the escrow arrangement was set up so that
3 this would give the public the full opportunity
4 to comment on this transfer and to go through
5 the public process.

6 CHAIRMAN CROSBY: Just to clarify
7 something, as I understand it, the issue that
8 arose was an inadvertent an error on the part
9 of the DOT. It wasn't something that Wynn did
10 or failed to do; is that correct?

11 MS. KRUM: That's correct.

12 MR. DESALVIO: The next item, number
13 two is the Orange line operating subsidy. I'm
14 going to turn it over to Chris Gordon for that
15 portion.

16 MR. GORDON: Good morning. In our
17 analysis of the transportation network around
18 the entire property, we obviously looked at the
19 transit system.

20 The Orange line serves the property
21 from several different locations, Sullivan
22 Square, Wellington Center and Malden Center.
23 We identified in our earlier filings that it
24 had enough capacity through 2023 with the

1 exception of a few hours of the day when it
2 didn't quite meet the capacity.

3 The capacity is based on during non-
4 core time, it's 100 percent of the seats.
5 During core time, it's 140 percent of the
6 seats, which means you can have more people on
7 the train but still plenty of room.

8 The DOT asked us in our filing to
9 look at mitigating those hours when it was over
10 capacity. So, we did an analysis with the
11 highway department and the MBTA. And we came
12 up with a subsidy program.

13 It's based on a roadway mitigation
14 approach, meaning that if you have traffic
15 roadways that's over its capacity, you would
16 additional lanes or additional turning
17 capacity. So, we're adding actually additional
18 train sets in certain hours of the day. This
19 is an approach to actually add the trains the
20 whole length of the Orange line, not just to
21 our facility.

22 But it does a couple of things. It
23 adds capacity for riders. It also adds more
24 frequency, which makes it more dependable to

1 try to pull people onto the trains.

2 So, we did a pretty detailed
3 analysis. We can show you that but hour by
4 hour, train by train. And we came up with
5 exactly how many trains we thought would solve
6 the problem. MBTA agreed with that number.

7 We put a dollar figure on each
8 train. And we've agreed to a subsidy to do
9 that. So, there's two parts to the subsidy.
10 The first is to add additional train sets for
11 the hours that we actually cause capacity to be
12 exceeded. And that comes out to about \$271,000
13 a year. That's the cost of the trains, minus
14 the extra revenue of those people who pay to be
15 on the trains.

16 Then a second issue came up which
17 was an incentive for late-night service. For
18 many years, the MBTA has been interested in
19 trying to get people to ride train service late
20 at night. It's safer. They're not on the
21 roads. And it's a good thing to do throughout
22 the system.

23 So, they asked us if in addition to
24 our mitigation if we would add some additional

1 train sets late at night. We looked at it and
2 decided it was a good idea. So, from 9:00 to
3 11:00 at night, we're also adding more train
4 sets. There's an additional cost. And we
5 didn't account for the revenue because they're
6 passengers that we've caused.

7 So, that adds another \$109,000 a
8 year. That comes out to about \$380,000 a year
9 in current dollars. When you run it out at
10 inflation number and you look at over 15 years
11 of the license, it's about \$7.3 million that
12 we'll pay out on an annual basis.

13 There is a look-back provision.
14 Each year we look and make sure the trains are
15 actually there. If they are, then we will make
16 the payment. So, we think this is a good
17 thing.

18 CHAIRMAN CROSBY: How many trains is
19 that?

20 MR. GORDON: It's a total of nine
21 trains a day. The peak hour, 9:00 to 10:00
22 a.m. in the morning is the most. That's an
23 additional four train sets. Then in the
24 evening, we've got from 7:00 to 8:00, we're

1 adding two train sets. Then the 8:00 to 9:00
2 p.m., we're adding one. And then the late-
3 night, we're adding two.

4 So, it's a total of nine train sets
5 throughout the day. And again, they run the
6 entire length of the Orange line. So,
7 everybody from Oakgrove down to Forrest Hill
8 benefits. Places like the Garden, Faneuil
9 Hall, Chinatown and all of those areas will
10 have the additional train sets during that
11 time.

12 It's also we think, and the MBTA
13 feels the same way, this is the first time that
14 a developer has ever subsidized operating
15 costs, not capital but operating costs for the
16 system.

17 CHAIRMAN CROSBY: I think it's
18 great. It's really a thoughtful response.
19 It's promoting transit, which everybody wants.
20 It affects everybody up and down the whole
21 line. I think it's great.

22 COMMISSIONER MCHUGH: Just to make
23 sure that I understand, and I think I do, the
24 nine train sets are nine sets of trains that

1 keep going back and forth during that period.

2 So, there's more than nine runs being added.

3 MR. GORDON: No. It's nine over the
4 day. By the way, these train sets exist.
5 We're not buying new trains. We're paying
6 staff to run the trains. So, the trains, if
7 you might have five trains an hour in a certain
8 hour of the day, we'll add a sixth train. It
9 does run the whole system.

10 COMMISSIONER MCHUGH: For that hour.

11 MR. GORDON: For that hour.

12 CHAIRMAN CROSBY: But it runs once
13 or it goes back and forth?

14 MR. GORDON: It runs one round-trip.

15 CHAIRMAN CROSBY: Oh, it's one trip.

16 MR. GORDON: So for example, in a
17 lot of these hours, you have a 10-minute
18 headway. We've dropped it down in some cases
19 to a five-minute headway or a six-minute
20 headway. Meaning, by adding additional train
21 sets, there are more trains in the system for
22 that hour so they come more frequently. And
23 that allows the more capacity and the more
24 frequent service.

1 COMMISSIONER MCHUGH: Right. Okay.

2 MR. GORDON: In addition to that
3 there's additional funding we were asked about.
4 On the Orange line, we're also making three
5 station improvements. These are driven by a
6 couple things, primarily our shuttle buses
7 being able to pick people up at the station.

8 Because the stations, we're trying
9 to make sure people can very quickly get to the
10 resort. You'll find with both employees and
11 patrons that if it's not easy, they won't do
12 it. So, we're trying to make sure it's
13 predictable. It's convenient. It's very easy
14 to do.

15 So, we're going to run shuttle buses
16 for employees and patrons to the stations. So,
17 at Malden Center and at Wellington we're
18 actually adding curb links. So, in front of
19 those stations, we're going to be improving the
20 parking area and improving the curbing. And
21 making a dedicated pick-up/drop-off area for
22 our buses so that people walk out, they can see
23 the bus and know where it is. We're doing
24 that.

1 And at Sullivan Square, as part of
2 the Sullivan Square mitigation, which we'll
3 talk about later, we're actually rebuilding the
4 parking lot and some of the bus entrance and
5 exits to the buses can come and go. That's
6 more about improving traffic in Sullivan
7 Square.

8 We're not going to run our shuttle
9 buses to Sullivan Square, because we don't want
10 to introduce more traffic. And Wellington and
11 Malden are perfectly fine. So, we're not going
12 to run our shuttle to Sullivan, but we're to
13 rebuild the station anyway because it helps
14 takes a whole bus loop out of Sullivan Square
15 that's there today. So, it improves the
16 bussing.

17 COMMISSIONER STEBBINS: Chris, do
18 you have an estimated cost for those
19 improvements?

20 MR. GORDON: I do but I don't have
21 it in front of me. I don't want to guess, but
22 I can get that for you. It's in our SSFEIR in
23 the Section 61 Findings, but I don't want to
24 quote it because I can't remember the exact

1 number.

2 COMMISSIONER STEBBINS: Okay.

3 COMMISSIONER CAMERON: Chris, have
4 these additional trains and improvements
5 changed any of your predictions on percentages
6 that would ride the train, percentages who
7 would be in vehicles?

8 MR. GORDON: We chose not to change
9 our mode splits, but the T is confident it
10 will. Meaning they think we will pull more
11 people onto the trains. Again, when you know a
12 train is coming every five minutes, you're more
13 likely to go to the train station than if it's
14 every 20 minutes.

15 So, they think it will pull more
16 people onto the trains. But we didn't go back
17 and change our mode splits to be more
18 optimistic, because we didn't want to start
19 that all over again. We didn't want to be too
20 optimistic. But yes, we think it will get more
21 people on the trains and more people off the
22 road.

23 COMMISSIONER ZUNIGA: That includes
24 both patrons and employees, Chris?

1 MR. GORDON: Correct. And actually,
2 the highest ridership is employees. We see a
3 very high number of employees we think will
4 take the Orange line. So, we think that'll be
5 a big push.

6 We do have a mode split on there for
7 patrons but we're not showing a huge number of
8 patrons because we don't want to be too
9 optimistic on that. But we think we'll get
10 more and more patrons on it.

11 The other thing we're doing, which
12 is also in our filing is we're very interested
13 in the idea that DCR has had for years of
14 putting a footbridge over the Mystic River.
15 And the reason is there's a new Assembly Road
16 Orange line station at Assembly Row. And it
17 looks like you can touch it from our site.

18 It's right across the river, but you
19 can't get there. So, DCR for years has done
20 several studies of putting a footbridge over
21 the river. In our filing at their request,
22 we've added additional funding and additional
23 momentum, if you will, to really come up with a
24 plan to put a footbridge over the Mystic River.

1 That would serve the Gateway Plaza,
2 our facility, Assembly Row. It would connect
3 the bike trail. It would connect Charlestown.

4 And our look at it, a very early
5 look at it, it doesn't look at that undoable.
6 It looks like it could be done. So, we put
7 that funding in there as well. And we would
8 love to be part of a long-term plan to put a
9 bridge over the river, because selfishly, it
10 will allow people to walk directly from the
11 Assembly Row station right to our property,
12 which does a lot of things. It makes it more
13 convenient. It also gets shuttle buses off the
14 road. So, that's something we're pursuing as
15 well.

16 COMMISSIONER ZUNIGA: And the
17 funding is for planning and design at this
18 stage?

19 MR. GORDON: A quarter of a million
20 dollars for the next phase of planning for DCR
21 to look at that footbridge.

22 CHAIRMAN CROSBY: Is it presumed to
23 be covered?

24 MR. GORDON: We don't know yet.

1 There's mixed emotions. People love an open-
2 air bridge over the river. Wouldn't it be
3 nice.

4 But on the other hand, in the winter
5 time it'd be safer if it's covered. So, that's
6 going to be part of the study. We also want it
7 to be wide enough and at the right radiuses for
8 bicycles, because as you know we're working
9 with the city of Everett to bring the bike path
10 down the rail tracks.

11 And it would go into our site, into
12 the Gateway Park, but it would have a third
13 option of going over the river. And once you
14 get over to Assembly Row, there's another whole
15 world of bike trails you could tie into. So,
16 the intent is to have ramps at each end and a
17 curvature of the bridge so it could be used for
18 bicycles.

19 CHAIRMAN CROSBY: Would it be right
20 attached to the rail bridge?

21 MR. GORDON: We don't know. They
22 looked at three options. They looked at going
23 over the dam, the Amelia Earhart Dam. They
24 looked at attaching it to the MBTA Bridge. And

1 they looked at just a freestanding bridge.
2 Until the study is further along, we don't have
3 a firm view on that.

4 CHAIRMAN CROSBY: How far is it, do
5 you know, from the station?

6 MR. GORDON: Walking distance, it's
7 like 10-minute walking distance. I don't have
8 exact footage. I can get it for you. We timed
9 it. We didn't time it. We did an analysis.
10 And it's about a 10 or 11-minute walk from
11 Assembly Row to our front door.

12 COMMISSIONER ZUNIGA: That whole
13 area is growing. That 10-minute walk, they
14 have thousands of square feet planned for.

15 MR. GORDON: Yes. If you add in
16 Gateway, which is next to us, which is a very
17 successful shopping mall, you add in us and you
18 add in Assembly Row, you've got three large
19 developments all of whom would dramatically
20 benefit from a bridge.

21 CHAIRMAN CROSBY: That's great.

22 MR. DESALVIO: On page 13, the next
23 item number three on the Secretary's list was
24 the planning process for long-term improvements

1 to the Rutherford Avenue corridor.

2 The process design was talked about
3 at our first leadership coalition meeting,
4 which I'm sure most of you know was called by
5 Secretary Pollack. It was on June 1. And the
6 idea was to get a stakeholder group together
7 that could advance these plans and get them
8 moving as quickly as possible.

9 We just recently heard from the
10 Secretary's office. They're now in the process
11 of setting up a second follow-up meeting. No
12 date has been selected yet, but we were just
13 notified to expect a notice fairly soon.

14 So, we're very happy that Secretary
15 Pollack has taken a leadership role in that.
16 And Wynn is extremely pleased to participate in
17 the process. And we'll continue to do so as
18 that moves along.

19 I'm going to turn it back over to
20 Chris to talk about back to Sullivan Square.

21 CHAIRMAN CROSBY: Chris, maybe
22 Sullivan Square is going to do it. But there's
23 been concern circulating that there was
24 inadequate look at the 93 traffic. Can you

1 tell us what has been done there and what you
2 think about that issue?

3 MR. GORDON: Yes, we can. 93
4 corridor was part of our initial look. We
5 looked at 57 intersections. The way you do a
6 traffic study is you define sort of the
7 boundaries of the intersection. Where is there
8 enough of an impact to actually study it?

9 So, we originally identified 57
10 different intersections that may have an
11 impact. I'm sorry, we started with 45 and then
12 through a series of comments that grew to 57.
13 Of the 57, there were five off-ramps on I-93
14 that were looked at.

15 And the actual main barrel of 93 was
16 looked at. And it turned out they had about
17 .85 percent increase in traffic at one side of
18 our facility, and 1.9 percent change on the
19 other side, which frankly didn't register on a
20 scale where we would have to measure all of 93.
21 But we did look at all five of the off-ramps to
22 93.

23 CHAIRMAN CROSBY: Excuse me. So, a
24 1.9 percent change in throughput is not

1 considered material enough to cause a further
2 study? Is that what you're saying?

3 MR. GORDON: Right. And it went
4 through the review process with the DOT, with
5 all the comment letters. No one pushed or
6 asked that we then study 93. And also know
7 most of our peak is off-peak.

8 So, even though the highest increase
9 we could see is 1.9, and that was well past the
10 commuting hour, so it was viewed as not having
11 a significant impact. Again, we did study all
12 five of the off-ramps, including the most
13 significant one is in Sullivan Square and
14 that's part of our analysis.

15 In the SSFEIR certificate, there
16 were some technical questions that were asked.
17 These were driven by DOT and also by comment
18 letters by the city of Boston and the city of
19 Somerville.

20 And I'll go through these quickly
21 because a lot of these are very technical
22 details. But there were questions about how we
23 applied what's called a Syncro model and Vissim
24 model. Those are two computer models for

1 traffic. So, in our filing, we've gone into
2 great detail of how those were actually
3 applied. And we're I think quite confident
4 they were applied properly.

5 They asked about some capacity
6 analysis and queueing methodologies. So, we've
7 elaborated on how we did that. And we
8 demonstrated on how that was done consistent
9 with how you normally do a traffic study. We
10 were asked about some updated traffic volumes
11 that were done. So, we explained what dates
12 all of the traffic volumes were done and how
13 that was all calculated.

14 And then finally there was a correct
15 comment that said we hadn't included an a.m.
16 peak hour analysis. So, we've since included
17 that. There was one analysis that somehow was
18 not put in the last filing. So, we've included
19 that as well to answer all of those questions.

20 So, while the mitigation package
21 didn't change we were able to elaborate a lot
22 more on how we actually came up with that
23 analysis.

24 COMMISSIONER ZUNIGA: What is that

1 a.m. peak package?

2 MR. GORDON: There were a weekday, a
3 weekend a.m. peak analysis. And somehow it did
4 not end up in our last filling. So, that was
5 pointed out to us and we've included it now.

6 It didn't change anything. In other
7 words, it didn't drive any additional
8 mitigation or anything else. But it was a very
9 good comment. So, we've included that as well.

10 MS. KRUM: As you know, following
11 the receipt of our MEPA certificate, we will
12 need to work with the different state agencies
13 to finalize Section 61 Findings.

14 We did have drafts of Section 61
15 Findings in our last SSFEIR with the following
16 agencies. Incorporated in these findings is
17 our community mitigation. And just to go over
18 that very quickly. We've committed to about
19 \$850 million in mitigation over the 15-year
20 term of our license.

21 \$210 million is community payments,
22 \$85 million of which goes to surrounding
23 communities including the city of Boston and
24 the remainder to the city of Everett.

1 We've committed to about \$56-\$76
2 million in road infrastructure improvements
3 with also the vast majority of these allocated
4 to the city of Boston.

5 Finally, with respect to our
6 transportation demand management program, we've
7 committed to about \$206 million. This includes
8 the Orange line subsidy, the water shuttle
9 service and the employee and customer shuttle
10 service. Then of course, we've got a \$358
11 million pilot payment to the city of Everett as
12 well.

13 In response to -- The last section
14 of our SSFEIR was a response to the comments
15 that we received on our SFEIR. And Bob
16 detailed now many letters we received and how
17 many comments we received. We responded to
18 over 300 different comments from various
19 groups, from elected officials, municipalities,
20 organizations and individuals. These are all
21 detailed in our filing.

22 MR. DESALVIO: Thanks. Then I want
23 to turn it back over to Chris to talk about
24 some design refinements that were made as part

1 of this filing.

2 MR. GORDON: Thank you. These two
3 are related. We through the comments on
4 earlier filings, there were three things we
5 heard about building elevation. One was was it
6 really high enough to withstand not only sea-
7 level rise but also storm surge like they've
8 seen recently in New Jersey?

9 So, we looked very closely at the
10 elevation of the building from that. We were
11 also asked about the soil excavation, how many
12 trucks was it going to create. It's a lot of
13 material we're taking out of the site, well
14 below the contaminated level, there's a lot of
15 soil taken out of the site.

16 And third, the parking amount. If
17 you remember, we had provided more parking than
18 our parking analysis showed we needed. And the
19 question was will that induce more people to
20 drive? And frankly, will that induce more
21 people to drive through Sullivan Square?

22 So, all three of those were combined
23 that drove us to raise the building up and take
24 a level of parking out. And I'll explain how

1 we did that. The building used to be at about
2 18 feet four inches above mid-sea-level. We
3 took it up six feet eight inches to about 25
4 feet now.

5 So, the first floor elevation of the
6 casino is at 25 feet, which I know doesn't mean
7 anything to you. But what it general means is
8 we're well above the river. We're well above
9 the site. We're well above the 100-year flood
10 plain level. And we're actually now above the
11 500-year flood plain level.

12 And the mechanical equipment --
13 CHAIRMAN CROSBY: 500-year flood
14 plain?

15 MR. GORDON: Which is becoming a
16 standard by the way. It is no longer a theory.
17 And above what they call a wave action. It's
18 not just the sea-level rise but like
19 unfortunately they saw in New Jersey, the waves
20 actually crest two or three feet above that and
21 cause damage.

22 So, our mechanical equipment is
23 elevated. The building is elevated. We've
24 made it so you can get into the building with

1 all the ADA issues. So, we're comfortable in
2 that sense. By taking a floor out of the
3 parking that does a couple of things. The
4 first three floors are now a little bit bigger.
5 They extend out onto the meeting space, but we
6 were able to take a full floor out of the
7 basement, which reduced the amount of soil we
8 have to truck off-site.

9 It also allowed us to take the
10 parking, which was at 3400 on-site plus 800
11 off-site to 2941 plus 800 off-site. So, to be
12 clear, we're still in excess of what our MEPA
13 filing shows we need. And we're still in
14 excess of what the city of Everett requires
15 under zoning. We're well in excess of both of
16 those but it allowed us to reduce the parking
17 by about 450 spaces, still plenty for the
18 facility.

19 That allowed us to do a lot of
20 things include reduce the amount of soil we
21 have to take off-site. And by the way, the
22 overall building height does not change,
23 because we also took about six inches out of
24 each hotel floor. So, the overall height we

1 had some flexibility there, but we wanted to
2 keep it at the same level.

3 So, for all of the FAA permits and
4 all of the zoning permits and everything else,
5 we're still the same building height elevation
6 of about 386 feet.

7 CHAIRMAN CROSBY: How do you take
8 out six inches? Where does it come from?

9 MR. GORDON: We had very high
10 ceiling heights. And we did it for two
11 reasons. One, it allowed us to make sure the
12 tower still met the requirements, but we
13 actually like it a little bit better. In some
14 areas, this came directly from both Mr. Wynn
15 and the design team, the ceiling heights in
16 some of the corridors are almost too high.
17 They were very high ceiling heights.

18 So, they decided to bring that down
19 about six inches per floor. And it's still
20 over a nine-foot ceiling. So, it feels like a
21 high space, but it wasn't too high. That saves
22 in façade, saves in structure. It saves in
23 heating and cooling. It saves in everything.

24 COMMISSIONER STEBBINS: Chris, let

1 me ask you a question about the parking.
2 Because you're not going down as far, does that
3 change the remediation of some the contaminated
4 soils?

5 MR. GORDON: No, we wish it did.
6 But most of the contamination is at the higher
7 levels. So, the lowest level of parking was
8 well into more of the native soil. There's
9 still -- None of this soil is perfect on the
10 site, but all of the remediation that we were
11 going to do, we're still going to do. All of
12 the contaminated soil that's taken out by the
13 garage is still going to be gone. But at the
14 lowest level, there'll be less soil that will
15 be removed, but it's very light. There's very
16 little contamination compared to what you see
17 above.

18 MS. KRUM: But less trucks going to
19 remove the soil.

20 MR. DESALVIO: The next steps in our
21 process are that we, as I mentioned earlier, we
22 submitted the document on July 15. It was
23 published in the Environmental Monitor on July
24 22, 2015. The comment period ends on August

1 21. And we are hoping to receive our Secretary
2 certificate on August 28 and conclude that part
3 of the process.

4 So, with that I'd open it up if the
5 Commission has any further questions.

6 CHAIRMAN CROSBY: Anybody?

7 COMMISSIONER MCHUGH: No, I don't.
8 I look forward to seeing the results of this.
9 I've been through some of the filings. And
10 they're thorough and I look forward to seeing
11 some of the results.

12 MR. DESALVIO: Thank you,
13 Commissioner.

14 COMMISSIONER ZUNIGA: I do too. I'm
15 just curious. Have you been getting many
16 letters? Or is there a way to gauge some of
17 those letters before the end of the comment
18 period?

19 MR. GORDON: We usually don't hear
20 about them until later. We have been contacted
21 by people writing letters with questions. So,
22 we know there are people writing. I would say
23 it's been quieter than in some of the other
24 filings.

1 MS. KRUM: Unless somebody sends us
2 a letter, we don't get a copy of it until
3 afterwards.

4 MR. DESALVIO: Because they go to
5 MEPA.

6 CHAIRMAN CROSBY: Thank you very
7 much.

8 MR. ZIEMBA: Mr. Chairman and
9 Commissioners, on the agenda are two matters
10 related to MGM Springfield, a memorandum of
11 agreement, MOA, between the Commission, MGM and
12 the Mass. Historical Commission and MGM's draft
13 schedule.

14 First, the draft MOA. We recently
15 received a revised MOA from the Mass.
16 Historical Commission. This MOA reflects the
17 discussions that have taken place since January
18 in the Mass. Historical consultations.

19 It also includes the pledge by the
20 Commission to match MGM's \$350,000 contribution
21 to Springfield Historic Preservation Trust
22 Fund. We're joined here by the MGM team, Jed
23 Nosal, Brian Packer, Seth Stratton, and I'll
24 let Jed introduce the rest of the group, to

1 provide a briefing on the MOA.

2 The current status of the MOA is
3 that it is under review by the signatories
4 including the concurring parties, namely
5 Springfield Historical Commission, Springfield
6 Preservation Trust and the city of Springfield.

7 We received a letter recently from
8 MGM suggesting three changes to the language in
9 the MOA, which MGM can explain. As such, the
10 language is not final today. However, it is my
11 anticipation that the language can be finalized
12 very soon. With that, I ask Jed to help
13 present the MOA.

14 MR. NOSAL: Thank you. Good
15 morning, members of the Commission. Jed Nosal
16 from the law firm Brown Rudnick. I'll
17 introduce the whole team as well. We have
18 starting from my right, Brian Packer, Vice
19 President MGM Springfield for construction.
20 Mike Mathis, President MGM Springfield. Seth
21 Stratton, General Counsel MGM Springfield,
22 Chuck Irving from Davenport, Kevin Dandrade
23 from TEC.

24 So, as John explained today we are

1 here presenting an agreed-upon MOA with the MHC
2 pursuant to the requirements of the project's
3 FEIR and the MGC regulations. We've completed
4 a consultation process. And the MHC
5 importantly has determined that there are no
6 prudent and feasible alternatives to avoid
7 adverse impacts of the project on historic
8 properties. In connection with that we had to
9 draft an MOA that we presented to the
10 Commission. And I'm going to allow Brian and
11 Seth to summarize that further at this time.

12 MR. PACKER: So, I'll offer the main
13 points of the MOA as it is currently drafted.
14 Jed, do you want to touch quickly and the three
15 proposed changes?

16 So 10 basic bullets, renovation of
17 State Register Properties, partial preservation
18 of State Register Properties. We have
19 relocation renovation of one Register Property,
20 Salvage and reuse of certain architectural
21 items around the site. Design review
22 component, photographic documentation of
23 historic structures on-site.

24 Interpretive signage, the historic

1 preservation trust that will be created, trust
2 fund that will be created. There will be a
3 covenant introduced controlling some future
4 changes. Then we'll walk you through the
5 signatories and concurrent parties.

6 So, we have two structures that we
7 will be renovating and retaining on-site. The
8 first is 101 State. That will be retained as
9 offices. And then 95 State Street will be
10 renovated for offices above the fourth floor
11 and a casino podium will bleed into the lower
12 levels of 95 State Street.

13 We are going to partially preserve
14 the façade of 73 State Street. So, the front
15 portion of the façade that you see in the photo
16 with the windows and the entry stair, the
17 canopy will be preserved as you see it here
18 with the hotel tower coming behind that façade
19 in the design.

20 We're also going to preserve the
21 dome that's in inside 73 State. We will
22 preserve that dome and relocate it as part of
23 our convention space. The state armory, the
24 main headhouse will be retained. And the

1 addition, the 1915 addition will be removed,
2 which will create, as you can see, an open
3 space behind the armory that will also speak to
4 and tie into the old drill shed that used to be
5 there through some symbolic trusses.

6 CHAIRMAN CROSBY: Are the trusses
7 just empty trusses or is that glass?

8 MR. PACKER: We haven't detailed the
9 material yet. It won't be filled in. It will
10 be open air since that's where the marketplace
11 and the ice-skating rink will be.

12 MR. MATHIS: Chairman, I think we'll
13 have the ability to cover from time to time.
14 That's one of the benefits of creating that
15 architectural piece of the structure. So, it
16 gives us some flexibility going forward to do
17 something like that.

18 CHAIRMAN CROSBY: Okay.

19 MR. PACKER: So, another façade that
20 we will be preserving is the Union and Chandler
21 House on Main Street. In our working with
22 local historical, on the second-story awnings
23 there which were windows that were installed at
24 a later date. So, the new façade will go back

1 to referencing more historic elements along
2 that second floor.

3 This façade, there are some concerns
4 of safety. The building, if you walk in it,
5 half of the floors are partially collapsing.
6 So, we will either preserve this façade in
7 place, or if there is a risk of collapse we
8 will use the same brick and reinstall the
9 design you see on the right.

10 CHAIRMAN CROSBY: Take it down, save
11 the brick and rebuild it?

12 MR. PACKER: That's correct.

13 MR. MATHIS: That's not inexpensive,
14 by the way.

15 COMMISSIONER MCHUGH: Plan B.

16 MR. PACKER: For the relocation
17 renovation of one State Register property, the
18 church, we will be relocating the church on-
19 site. And that will align directly with the
20 back of the Armory creating the plaza space for
21 the ice rink and the marketplace in between.

22 COMMISSIONER MCHUGH: I had a
23 question about this. The new location replaces
24 what was going to be a retail facility, right?

1 MR. PACKER: That's correct.

2 COMMISSIONER MCHUGH: What is the
3 function of the church going to be? It was
4 going to be a daycare center.

5 MR. MATHIS: That's correct. I
6 think in some of our prior renderings the
7 program showed what we called radio/TV building
8 as well as some retail down in the front of the
9 building.

10 Some of those uses are going to be
11 relocated in other retail spaces within the
12 complex. And what we have envisioned now for
13 this church location is some kind of coffee
14 shop and other retail use. So, I think we have
15 a few different concepts that you just
16 mentioned. There was one point where the
17 church was going to be the location of the
18 childcare.

19 The childcare now per our RFA is
20 being moved largely because of the amount
21 traffic, across street catty corner to our
22 building so that the drop-off is more
23 convenient to the traffic patterns and off of
24 Columbus. I think that's why the church

1 reminds you of our childcare discussion that's
2 only because very early on we had childcare in
3 that building.

4 Essentially, this new location has
5 the church replacing in kind what was part of
6 retail in that same area.

7 COMMISSIONER MCHUGH: Okay. So, the
8 childcare, the church was going to be catty
9 corner to the site at one point.

10 MR. MATHIS: That's right, when
11 childcare was going to be there.

12 COMMISSIONER MCHUGH: So, the
13 childcare is going to be in the same place but
14 in a different facility?

15 MR. MATHIS: In a new building. For
16 reasons related to the programming of it, as
17 neat of a concept of putting childcare in that
18 church would have been is not as practical as
19 creating a new building that is spec'd for a
20 childcare. So, that's what we're going to do
21 there.

22 COMMISSIONER MCHUGH: You also had
23 high ambitions for a net zero energy
24 consumption in here. Is that still part of the

1 thinking?

2 MR. PACKER: That rode along with
3 the daycare. So, it was LEED platinum level
4 daycare. That requirement would still reside
5 with the daycare.

6 COMMISSIONER MCHUGH: With the
7 daycare?

8 MR. PACKER: That's correct.

9 COMMISSIONER MCHUGH: Can I just
10 stick with this for a second? When are we
11 likely to get a revised overall plan, if you
12 will?

13 I am thinking about some of the
14 things that we have to do. And that's the
15 basis for my question.

16 MR. PACKER: We anticipate
17 submitting to the city of Springfield our site
18 plan requirements. That's going to come upon
19 us here fairly shortly in the next two to four
20 weeks I would anticipate.

21 So, at that time we would have that
22 same set to share. And it would be a fairly
23 comprehensive set addressing section
24 elevations, updated plans of the site.

1 COMMISSIONER MCHUGH: Two to four
2 weeks is your target?

3 MR. PACKER: That's correct.

4 COMMISSIONER MCHUGH: Thank you.

5 MR. PACKER: So, here we have a
6 fairly comprehensive salvage and reuse of
7 architectural elements program. Right now
8 while it's hard to predict exactly where we may
9 use of these elements, if we feel that there
10 are special architectural elements on the
11 project, we have developed a salvage program,
12 submitted that to Mass. Historic.

13 And we will be salvaging these items
14 for reuse. Or if we cannot reuse them on-site,
15 we will repurpose them through a vendor or
16 other entity like Habitat for Humanity. So,
17 that salvage program is also part of this memo
18 of agreement.

19 COMMISSIONER ZUNIGA: Brian, the
20 YWCA elements salvaged, does that include brick
21 as well?

22 MR. PACKER: So, there it's mainly
23 the terra-cotta pieces. And it probably won't
24 be all of the terra-cotta. We've done some

1 test samples of trying to figure how we can
2 remove that and keep it from falling apart.

3 But we will at least take samples
4 of everything to be able to mold off of for the
5 new building. Where we can, we're looking at
6 salvaging more than just samples to be able to
7 maybe use at more pedestrian levels in the new
8 façade. So, where we can we're going to try to
9 incorporate some of those existing terra-cotta
10 elements.

11 COMMISSIONER CAMERON: Did you find
12 an organization to take all of the trophies?

13 MR. PACKER: We're going to save the
14 trophies for now. We may find a creative way
15 of working them into the design.

16 CHAIRMAN CROSBY: Like Flutie's.

17 COMMISSIONER CAMERON: There's a
18 couple of very large trophies there.

19 MR. PACKER: So, as you go through
20 these buildings you can imagine you find some
21 fairly interesting architectural elements and
22 things like trophies, chairs, pews.

23 COMMISSIONER MCHUGH: The doors.

24 MR. PACKER: They really had a lot

1 of attention to detail when they were
2 constructed.

3 CHAIRMAN CROSBY: Yes, that's great.

4 MR. PACKER: So, the next three
5 bullet points are fairly straightforward. We
6 will have proposed submissions of design,
7 review to Historic along the way, very similar
8 to the same submissions we will be providing to
9 the Commission. Photographic documentation --

10 COMMISSIONER STEBBINS: Brian,
11 sorry, real quick, when you talk about
12 different phases going back to the SHC for
13 their comment, good exchange, is that what
14 you're expecting?

15 MR. PACKER: The agreement allows
16 for review and comment. And to the extent
17 feasible that we can incorporate some of these,
18 we can look at that. We are not required, I
19 believe, to go back for our formal design and
20 approval process that would put us back kind of
21 where we have been for the last five months.
22 But to the extent that we can get their
23 feedback and listen to it, we will do that.

24 COMMISSIONER STEBBINS: Okay,

1 thanks.

2 MR. PACKER: Jed, is that accurate?

3 MR. NOSAL: Yes, that's accurate.

4 And I think, Commissioner, I'd just take into
5 consideration of that's sort of the process
6 we've been through in order to get where we are
7 now where those advisory bodies had significant
8 input on where we are today.

9 MR. PACKER: On the photographic
10 documentation, prior to demolishing these
11 structures, we'll go inside and photograph
12 these. We have done this already. So, this
13 work is done. There's a submittal process of
14 how we will submit these images and where they
15 will be stored after the fact.

16 And interpretive signage, we will
17 work with Springfield Historic to create an
18 interpretive signage program on the site.

19 CHAIRMAN CROSBY: What does that
20 mean? Oh, about the history of the building.
21 Okay.

22 MR. PACKER: It could be about the
23 buildings and the local neighborhoods. It
24 could be exterior, interior or combination.

1 So, we still have that dialogue to get through,
2 but we recognize there will be some type of
3 interpretive signage.

4 COMMISSIONER MCHUGH: The MOA, as
5 this bullet seven suggests, contains a role for
6 us in that. What is the anticipated role for
7 us in creating interpretive signage?

8 CHAIRMAN CROSBY: I thought that was
9 one of our strong suits.

10 COMMISSIONER MCHUGH: We've
11 interpreted a lot of things but I don't think
12 we've interpreted signage.

13 COMMISSIONER ZUNIGA: Maybe it's a
14 typo and it really means MHC, Mass. Historical.

15 COMMISSIONER MCHUGH: That's to be
16 determined I guess.

17 MR. MATHIS: We're double-checking
18 to see if that was a typo.

19 MR. NOSAL: I'm actually reviewing
20 the language which is in front of you. And
21 that is paragraph seven. I think that that is
22 a typo in the presentation. So, it does
23 anticipate presenting that back to the
24 Springfield Historic Commission.

1 COMMISSIONER MCHUGH: I thought it
2 was in the MOA itself.

3 MR. NOSAL: We will clarify that for
4 the Commission.

5 COMMISSIONER STEBBINS: I nominate
6 Commissioner McHugh.

7 MR. MATHIS: Part of the consulting
8 arrangement after your service here.

9 MR. ZIEMBA: We're trying to keep
10 our changes to a minimum.

11 MR. NOSAL: It does, Commissioner,
12 sort of looking back at the language, it does
13 recognize I think the unique role that you play
14 as the permitting agency here with the MHC
15 being the advisory agency. So, the language I
16 don't think here is unusual regarding that
17 particular role.

18 COMMISSIONER MCHUGH: Right. It
19 just struck me as a little granular. But
20 anyway, we will figure that out.

21 MR. PACKER: So, I'm going to pass
22 it down to Seth Stratton for the Historic
23 Preservation Trust Fund.

24 MR. STRATTON: Before I get into the

1 Historic Preservation Trust Fund, let me just
2 add one point on the review and comment process
3 that Brian and Jed addressed. I think all of
4 us will acknowledge that it was a long process.

5 One of the things that came out of
6 our consultation especially with the
7 Springfield Historic Commission were some
8 really exciting improvements to the project.
9 So, I think that's going to continue to be a
10 collaborative process where we're going to
11 sincerely take their input and see if we can
12 make any improvements.

13 But to clarify, it's not an approval
14 process. It's a construction collaborative
15 process through review and comment. So, we
16 look forward to continuing to do that.

17 So, on the Historic Preservation
18 Trust Fund as part of the process, we agreed to
19 establish a fund that would be used to
20 rehabilitate and restore and preserve State
21 Registered properties. And we agreed to
22 contribute \$350,000 to establish that fund.
23 And with thanks to the Commission through the
24 application of the city, the Commission I also

1 understand will be contributing through the
2 mitigation fund essentially a matching
3 \$350,000.

4 So, that fund will start out with
5 \$700,000. And it will be administered by
6 Develop Springfield which is an existing
7 organization in Springfield, which has
8 essentially the capacity and the organization
9 in place to administer this type of fund.

10 We have worked with both Springfield
11 Historic and Mass. Historic to come up with an
12 agreeable panel of designees, which would be
13 the Board of Trustees of that fund to determine
14 in their discretion how to apply the funds.

15 And you see a list there, A through
16 F. Those are the six designees, one from
17 Springfield Preservation Trust, one from
18 Develop Springfield, one from Springfield
19 Redevelopment Authority. One designated by
20 Springfield Historic Commission, one by the
21 Historic Preservation Planner for the Pioneer
22 Valley Planning Commission, which I'll come
23 back in a moment. And one by Preservation
24 Massachusetts.

1 You've heard mention a few minutes
2 ago about the three change that we propose.
3 Two of them I would suggest are technical. One
4 of the technical changes is in this area. One
5 of the comments from Mass. Historical was to
6 have a member of the Board of Trustees from the
7 Pioneer Valley Planning Commission, but the
8 language says shall be the historic
9 preservation planner from PVPC.

10 And we're simply suggesting that to
11 match the other language it should be shall be
12 designated by. In the event that that person
13 isn't available, we wouldn't want them to miss
14 out. So, like every other organization simply
15 have a designee, which could be that historic
16 preservation planner. That's one of the minor
17 changes that we're suggesting.

18 The next slide please, so as I
19 mentioned, the fund, the purpose of it is --

20 CHAIRMAN CROSBY: Excuse me. I
21 think I'm looking at a redlined version that
22 includes your proposed changes. There's a lot
23 more than three.

24 MR. STRATTON: That's a great

1 question, Chairman Crosby. These redlines
2 show the incorporation of Mass Historic's
3 comments to our draft. And the three changes
4 are also in in that redlined. So, the redlined
5 shows what we submitted versus what Mass.
6 Historic asked us to change including our three
7 modifications to that.

8 CHAIRMAN CROSBY: Okay.

9 MR. STRATTON: So, the fund and you
10 can see these points at some of the
11 descriptions of the fund. This was through the
12 collaborative process with MHC. But it can't
13 obviously be used for demolition of historic
14 resource, which would defeat the purpose. Once
15 we fund it, we have no further role. It also
16 should be set up so that it can be a fund that
17 continues to be able to receive contributions
18 in the future.

19 COMMISSIONER STEBBINS: Seth just a
20 quick question, do you expect -- There are some
21 guidelines regarding the use of the fund. Do
22 you expect the trustees will determine grant
23 application deadlines? \$700,000 is a lot of
24 money, but I think when you think of the area

1 and the properties that might be involved that,
2 I'll say it, probably isn't going to go very
3 far. But would the trustees establish the
4 guidelines beyond kind of the macro level
5 you've attached?

6 MR. STRATTON: That's right. Our
7 expectation is that a separate account or fund
8 will be set up and we'll make our contribution
9 and then it will be up to the first meeting of
10 this Board of Trustees to set up the criteria,
11 the application process, the factors that
12 they'll consider when making awards. So,
13 frankly, we didn't see that we'd micromanage
14 that process. We'll leave that up to the
15 discretion of the experts who will be guiding
16 that.

17 CHAIRMAN CROSBY: Just out of
18 curiosity it's not an endowment, right? It
19 could be an endowment or grant sources,
20 whichever they want. It's not an endowment by
21 statute?

22 MR. STRATTON: Correct.

23 COMMISSIONER STEBBINS: Just to
24 understand, John, the timing. We're expecting

1 the city of Springfield at our next community
2 mitigation round, which would be sometime early
3 next year, to apply for our portion.

4 MR. ZIEMBA: Yes, February 2016
5 deadline for that.

6 COMMISSIONER STEBBINS: Is there a
7 sense of timing from MGM as to when? Is it
8 going to be around the time our contribution is
9 made that your contribution will go into the
10 pot?

11 MR. STRATTON: I would say at the
12 latest. It's very possible as soon as we
13 finalize the MOA and get this process moving
14 forward, I think we would fund that so that the
15 fund will be set up and ready to go when the
16 Commission makes that award out of the
17 mitigation fund.

18 COMMISSIONER STEBBINS: Just a
19 thought, I know once our joint contributions
20 are made, the language is clear that that's
21 really all of our responsibility. But I think
22 to the degree that both of us will be
23 interested in seeing where the money goes,
24 oftentimes gaming commissions are criticized

1 right or wrong about what happens in the
2 development of the area in and around the
3 casino.

4 I think would be helpful for us,
5 both parties to understand where this money is
6 going and how it's being used on what projects.
7 So, more of a notification than us just writing
8 the check and walking away.

9 MR. ZIEMBA: Our standard contract
10 language that might guide where we get
11 notifications regarding all of the expenses.
12 And we have the ability to audit the use of the
13 funds as well. So, that's part of our standard
14 grant language.

15 COMMISSIONER STEBBINS: It's such a
16 unique idea. Just kind of monitoring its
17 progress is something we want to be a part of.

18 MR. ZIEMBA: That make sense.

19 MR. STRATTON: Before we move onto
20 the final point and minor changes, if you could
21 go back to slide nine, because I wanted to
22 touch on the other minor changes that we're
23 proposing.

24 You see the design review we talk

1 about 50 percent and 95 percent phases
2 submission of project plans to the Springfield
3 Historic Commission for review and comment.

4 The language proposed by Massachusetts
5 Historical Commission was that 60 percent and
6 90 percent document completion.

7 Our host community agreement already
8 requires production of 50 percent and 95
9 percent completion document submission to the
10 city. So, we're simply asking to change those
11 percentages to match what we are already
12 preparing to submit to the city and we'll
13 submit those same documents to Springfield
14 Historic Commission. So, we view that as a
15 technical change just changing from 60 and 90
16 to 50 and 95.

17 If we could go to slide 12. So, the
18 final substantive component here is that we
19 will insure that a covenant is recorded for
20 specific character-defining exterior historical
21 and architectural features on the 1200 Main
22 Street/101 State Street former MassMutual
23 Insurance Company building. That fund will
24 require us to preserve the exterior on the

1 street facing portions of the building. It
2 will be recorded in the Registry of Deeds and
3 will be defining going forward.

4 The final change that we talked
5 about three changes that MGM has proposed, it
6 really relates to this issue. And I'll just
7 spend one minute explaining the situation.

8 Essentially, through the
9 consultation process Springfield Historic
10 Commission raised concerns that well, once this
11 agreement is done, we want to make sure that
12 MGM can't do anything different than what's
13 provided for in the agreement.

14 We believe that that's implicit and
15 explicit in the law. And that we couldn't do
16 something different from the MOA. But MHC made
17 an attempt to incorporate some of those
18 provisions with respect to project changes that
19 would address those concerns.

20 The good news is that we are all the
21 same page that we can't do anything different
22 from what's set forth in this agreement. And
23 we're bond not to. Our only concern, and I
24 really think this is word smithing and we look

1 forward to working with John and the parties to
2 make sure we all agree with the language, but
3 one of the concerns we had was that the
4 language suggested by MHC said that any full or
5 partial demolition to 101 State/1200 Main, we
6 couldn't do without going back to MHC.

7 That's really inconsistent with the
8 idea that we're putting a preservation
9 restriction on the exterior but we do plan to
10 renovate that building. So, we're not sure
11 what partial demolition means. But we were
12 concerned about how that might be reflected.

13 So, what we sought to do was to
14 propose language that says essentially what's
15 already required by law which is we can't do
16 anything other than what is set forth in this
17 agreement without following the process, the
18 consultation process with MHC.

19 So, I'm confident that we can get
20 the language that is satisfactory to us, MHC
21 and Springfield Historic recognizes that
22 obviously.

23 So, the signatories to this
24 agreement would be Mass. Gaming Commission,

1 Mass. Historical Commission and MGM Blue Tarp.
2 The concurring parties would be Springfield
3 Historical Commissions, city of Springfield and
4 Springfield Preservation Trust. And we're
5 hopeful that we think the primary signatories
6 we think we can get that in short order and
7 hopefully review that with the concurring
8 parties to finalize the agreement very soon.

9 MR. MATHIS: Mr. Chairman, if I can,
10 I just wanted to acknowledge the effort of our
11 team. Just remind everyone that this MOA is a
12 culmination of months and literally years of
13 effort certainly on the side of MGM and your
14 staff as well as the stakeholder various
15 historic commissions. We started with what was
16 a very aggressive preservation design. And
17 then made it that much better through the
18 Springfield local historic commission process.

19 And this latest round represents the
20 state process, but as you've seen, we've done
21 it in a very innovative way. We contributed
22 significant dollars both jointly towards the
23 preservation trust but also all ripple effects
24 that come from a lot of the issues that we've

1 talked about including bringing brick down and
2 putting it back up in a different location.

3 So, I just wanted to thank our team
4 because it's been a very difficult process.
5 Seth, Jed and Chuck in particular Brian Packer,
6 I think you've seen him in some of these
7 meetings. He's really got a gift for bridging
8 the gap between some of these interests and
9 really what ends up being our commercial needs
10 and make these buildings commercially viable.
11 With that we're done with our representation,
12 Jed.

13 MR. NOSAL: I do just want to
14 request something of the Commission. We do
15 want the Commission to approve the agreement.
16 To the extent there are any changes to finalize
17 this language, I think that you can designate
18 that if you are willing to staff to do. As you
19 see there three signatories and concurring
20 parties that will be required to sign this.

21 And as Seth said, we are in
22 fundamental agreement regarding the components
23 of this. Like any contract, it is going take a
24 little while to maybe get some of this last

1 language. I think from our perspective some
2 very minor changes to the agreement.

3 But the timing on this is important
4 because I believe and I think Catherine Blue,
5 the General Counsel, is going to explain later
6 how this fits into the Section 61 process. And
7 if the expectation is that we're not going to
8 be able to get this approved until it is fully
9 executed, I think that's potentially impact
10 that particular process.

11 So, what we would ask is that the
12 Commission approve the agreement understanding
13 that universe of potential language changes,
14 delegate some authority to the staff I think
15 consistent with what you've done in the past.
16 Allow us to move forward. Obviously, the staff
17 always has the right and reservation to come
18 back or say that they can't do something and
19 have you re-engaged in the process.

20 But I think at least that initial
21 step will go a long way into continuing the
22 sequencing of sort of these final permits that
23 are required in order to get the project
24 underway. Thanks.

1 CHAIRMAN CROSBY: Comments?

2 COMMISSIONER MCHUGH: That approach
3 makes sense to me. I think we need to move
4 this alone. It has been long and involved
5 process. From my perspective, the preservation
6 work that has been done is a very high-quality.
7 And the spirit with which it was done has
8 impressed me from the beginning. So, I'd like
9 to for a whole variety of reasons, I'd like to
10 get this resolved as much as everybody else
11 would.

12 The one thing that I heard here
13 today that I just wonder if you, John, have an
14 opinion or thought about is the change in the
15 language with respect to 101 State/1200 Main?
16 What is your take on that topic? Is that a
17 major change? As I understand it, it is to
18 preserve those two sides of the façade but
19 allow MGM freedom to redo and rebuild, refit,
20 reconstruct the interior.

21 MR. ZIEMBA: I don't believe so, but
22 I know that there's been some consultations
23 with some of the concurring parties about the
24 expectations from the meetings. I think what

1 we were hoping was that whatever agreement
2 comes out reflects the conversations of those
3 meetings. But to the degree that we can work
4 on the language, it is my anticipation that we
5 could do that.

6 COMMISSIONER MCHUGH: So, that does
7 not strike you as a major programmatic change.

8 MR. ZIEMBA: It is certainly more
9 significant than the other two items that they
10 mention. And we'll see if that is something
11 that becomes a stumbling block.

12 MR. MATHIS: Commissioner McHugh, if
13 I can just add for your consideration. This is
14 an operating office building. So, taken to its
15 extreme if we had to consult on a partial
16 demolition that could extend to 10 fit-outs and
17 do everything that we're going to do with the
18 building. And the spirit of the conversation
19 has been the exterior. And it's not practical
20 to have that kind of oversight.

21 COMMISSIONER MCHUGH: Let me make
22 clear where my question is coming from. I
23 agree with that. In principle, I haven't heard
24 any contrary to that. I am interested now in

1 doing whatever -- Coming back to the original
2 point.

3 This has been going on for a while.
4 It's been going on thoughtfully with all
5 stakeholders. It is a good process. It's come
6 to a good result. I as one Commissioner have
7 an interest in moving it forward now to
8 execution.

9 So, I just am thinking about whether
10 an approval in principle with delegation to
11 staff is the best way to do that or whether it
12 would be better to retain some oversight here
13 so that if necessary we could get all the
14 parties in here and cross the last T and dot
15 the last I.

16 MR. ZIEMBA: What we could
17 contemplate is that we can work as fast as we
18 can over the next two weeks. Then perhaps we
19 could consider Jed's request at the next
20 Commission meeting, if we're not successful in
21 reaching an agreement by the parties.

22 COMMISSIONER MCHUGH: Okay.

23 CHAIRMAN CROSBY: Does that two
24 weeks make a difference? In the request you're

1 making, is that material in any way if it's put
2 off until two weeks from now?

3 COMMISSIONER ZUNIGA: Before we do
4 that, MGM's suggestion was that if you
5 recognize that there's a stumbling block you
6 come back at any point not just two weeks from
7 now but beyond thus the mitigation in achieving
8 the purpose of potentially moving this process
9 forward.

10 MR. ZIEMBA: It's my hope that we
11 can get this resolved by the next Commission
12 meeting. And that if more time is needed after
13 that time then the Commission could grant us
14 the authority to make those changes.

15 I would like to keep the pressure on
16 by all the parties to reach this resolution as
17 absolutely quickly as possible. So, in that
18 guise I think that there might be some value to
19 having to come before the Commission as
20 Commissioner McHugh just suggested. That two-
21 week period that is not going to impact our
22 Section 61 Findings.

23 COMMISSIONER MCHUGH: My thought is
24 whether -- I know how eager you are to have an

1 approval in principle and delegation to move
2 forward. My concern is whether or not that
3 allows this to drift on. It's August, right?
4 And it's been going on for a while. And I just
5 want to find the most effective way to bring it
6 to a closure.

7 MR. NOSAL: Commissioner, I
8 absolutely respect sort of the alternative
9 process. I do think there is something -- I
10 think going to Commissioner Zuniga's point of
11 having something approved subject to this to me
12 gives it a different standing. And to be
13 frank, to have it approved by the permitting
14 agency gives it a different urgency in order to
15 get this over the finish line as well.

16 So, I think primary are one of the
17 if not the most important signatories here with
18 all respect to everyone else involved. And to
19 get that going, reserving staff's ability I
20 think to come back to you if there's an issue
21 is probably the most expedited way to do this.

22 COMMISSIONER MCHUGH: Well, I would
23 be prepared I guess to approve it with the
24 delegation but require a status update at the

1 next meeting with everybody who is necessary
2 here if there is still a problem.

3 MR. NOSAL: Absolutely. I believe
4 we'll be here.

5 CHAIRMAN CROSBY: I'd be fine with
6 that.

7 COMMISSIONER CAMERON: It makes
8 sense to me as well.

9 CHAIRMAN CROSBY: Just for the
10 record, Mr. Mathis, you commented thanking your
11 crew. I sort of want to reiterate what's been
12 said before.

13 I always felt that your attention to
14 the preservation and restoration as part of
15 your proposal was always very impressive from
16 the get-go. And I agree with your sense of
17 honoring your own team.

18 But also I do note that both John
19 and also Mass. Historical particularly in this
20 last round, everybody has pretty well
21 collaborated as this happened. These things
22 can be just a nightmare. And it wasn't easy,
23 but it got done. And a lot of people
24 contributed to it including our ombudsman and

1 MHC at the last meeting moved pretty
2 expeditiously too.

3 COMMISSIONER MCHUGH: And the
4 Springfield Historical Commission.

5 CHAIRMAN CROSBY: And Springfield
6 too. Exactly. They did a lot. So, it's been
7 a great process, but I really think you guys
8 get a lot of credit for starting out on the
9 right page.

10 So, do you want to make a motion
11 apropos of the presumptive adoption?

12 COMMISSIONER MCHUGH: I would move
13 that the Commission improve the MOA between all
14 parties with respect to the historic
15 preservation and delegate to staff the power to
16 approve any changes that are necessary before
17 the agreement is executed with the proviso that
18 if all of the changes are not agreed-upon
19 before the next Commission meeting that the
20 matter be brought before the Commission again
21 with all necessary parties in attendance so the
22 Commission can deal with it.

23 CHAIRMAN CROSBY: Second?

24 COMMISSIONER STEBBINS: Second.

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

3 COMMISSIONER MCHUGH: Aye.

4 COMMISSIONER CAMERON: Aye.

5 COMMISSIONER ZUNIGA: Aye.

6 COMMISSIONER STEBBINS: Aye.

7 CHAIRMAN CROSBY: Opposed? The ayes
8 have it unanimously.

9 CHAIRMAN CROSBY: Thank you, folks.
10 John, before we get to the next item (c), we've
11 got two pretty long items here. They're going
12 to run well after 11:45 I'm sure. I just kind
13 of want to give a heads up to anybody who's
14 around here that it looks to me like it's a
15 pretty good chance that the legal division item
16 four won't be until after lunch, which would
17 also push the racing division out a little bit
18 too. So, if anybody is trying to make any
19 plans.

20 Before we start your next section,
21 let's take a very quick break and we'll be back
22 as quickly as we can.

23

24 (A recess was taken)

1
2 CHAIRMAN CROSBY: Ladies and
3 gentlemen, we will reconvene at about 11:50.
4 Just a quick scheduling item. We will finish
5 all of the ombudsman items which will include
6 the MGM scheduling and the Region C update.
7 We'll then do two very, very quick legal
8 issues.

9 Then after lunch, we will move
10 racing first. We will postpone the legal
11 issues and put racing first so we can be as
12 close to accommodating the folks from Suffolk
13 Downs and so forth schedules as possible.
14 Ombudsman Ziemba.

15 MR. ZIEMBA: Thank you, again, Mr.
16 Chairman and Commissioners. On June 25, MGM
17 presented its draft schedule to the Commission.
18 During that presentation, MGM expressed
19 concerns about the potential schedule of the I-
20 91 viaduct project and how that project could
21 impact the opening of the MGM Springfield
22 casino.

23 Shortly after that meeting, staff
24 described the process it would utilize to

1 review MGM schedule. We noted that we would
2 review the impact, the viaduct related traffic
3 concerns could have on the opening of the MGM
4 facility.

5 To conclude that review, we asked
6 our traffic consultant Green International
7 Affiliates to meet independently with MGM, the
8 city of Springfield and the Mass. Department of
9 Transportation. Green International Affiliates
10 has done so and is here to report on its
11 findings.

12 We also noted that we would have
13 Green work with HLT Advisory, the Commission's
14 financial and gaming advisor, to review if
15 traffic issues related to the viaduct could
16 impact the financial viability of the planned
17 casino. HLT Advisory has worked with Green and
18 has submitted a draft memorandum for your
19 review.

20 We further noted that we would ask
21 Bill Perry, our construction advisor in
22 conjunction with Pinck and Co. to review the
23 construction aspects of the MGM proposed
24 schedule. Bill Perry along with Pinck and Co.

1 are here to present findings to the Commission.

2 Prior to the presentations by Green,
3 Bill Perry and Pinck, we will hear from MGM
4 which will provide further support for their
5 submitted schedule.

6 There is one significant aspect of
7 our plan review that I would like to put into
8 context. At the time of describing our
9 process, we noted that an important variable in
10 the review of the viaduct schedule is the work
11 schedule that is put forward by the contractor
12 JF White-Shiavone.

13 The contractor's work schedule is
14 different than the milestone dates included in
15 the contract between JF White and MassDOT.
16 During its June 25 presentation, MGM presented
17 the dates that JF White is contractually
18 obligated to complete the viaduct. The
19 contractor's work schedule is distinct from
20 that. It details what work JF White plans to
21 do to live within the schedule and to receive
22 incentives within the schedule.

23 As a reminder, under JF White's
24 contract with MassDOT, JF White will receive

1 \$50,000 each day it beats the anticipated
2 contract full beneficial use completion date,
3 and will be penalized \$50,000 each day it is
4 later than the contract full beneficial use
5 date. There are caps to that of 180 days.

6 Pursuant to the contract, the full
7 beneficial use date is August 6, 2018. MGM
8 plans an opening pursuant to the June 25
9 schedule no sooner than 30 days after this date
10 or September 5, 2018. Or 30 days after the
11 full beneficial use date on the viaduct,
12 whichever is later. So, it is either September
13 5 or 30 days after the actual full beneficial
14 use date, whichever is later.

15 Within the past week MassDOT
16 informed the Commission that the contractor has
17 submitted a full beneficial use date that is
18 much sooner than August 6, 2018. MassDOT
19 informed the Commission that JF White has
20 submitted a date that it plans to achieve full
21 beneficial use by December 14, 2017. We do
22 note that this date and JF White's work
23 schedule is still under review by MassDOT.

24 However, MassDOT authorized the

1 Commission to discuss this date at today's
2 Commission meeting as they were aware that we'd
3 be discussing the MGM schedule.

4 Given this earlier date, the staff
5 is asking for guidance from the Commission
6 regarding how the earlier date, December 2017,
7 should be evaluated in the context of our
8 review of this schedule. We've had numerous
9 conversations with MGM about how the MGM
10 construction schedule should be evaluated in
11 the context of this potential earlier date.

12 In these conversations, both staff
13 and MGM have expressed that it is in the
14 interest of all parties that the revenues and
15 jobs associated with the project be realized as
16 soon as possible. However, we mutually have
17 not been able to come to an understanding how
18 the Commission approved schedule should reflect
19 the different dates.

20 We have asked MGM to consider
21 developing a schedule that could be accelerated
22 if it appears that the viaduct schedule is
23 likely to achieve full beneficial use by the
24 earlier date or soon thereafter.

1 We have also asked MGM to consider
2 developing a schedule that is set at an earlier
3 date for construction of the facility than the
4 proposed September 2018 date. We noted that
5 the Commission could consider a midpoint review
6 of the viaduct schedule, viaduct project to
7 determine if the viaduct project would be
8 completed by the December 2017 date or some
9 later date, such as the September 2018 contract
10 date.

11 Under this potential plan, if the
12 viaduct schedule is proceeding slower than
13 anticipated, the Commission and MGM could agree
14 to a slower and revised construction schedule
15 for the casino and its component parts.

16 I wanted to note, MGM asked me to
17 note to you that MGM has been steadfast that it
18 does not agree with this type of approach and
19 it will explain why.

20 Given that these different
21 approaches exist, staff explained to MGM that
22 it would discuss these approaches to the
23 Commission. MGM would be given an opportunity
24 to describe why it would not entertain this

1 type of an approach.

2 I would also like to note that staff
3 reviews the analysis of MGM schedule as
4 separate and distinct from the analysis of MGM
5 schedule being done for the purposes of the
6 host community agreement. Under the Gaming
7 Act, significant penalties can accrue to a
8 gaming license if that license fails to begin
9 gaming operations within one year after the
10 date specified in the construction timeline,
11 which we are discussing today.

12 As we understand it, under
13 Springfield's host community agreement
14 penalties could accrue after a specific
15 operations date specified in the contract.
16 Therefore, although MGM will be accountable to
17 the actual dates approved by the Commission,
18 the significant penalties in the Act are not
19 anticipated until one year after the approved
20 date.

21 I will note that MassDOT has
22 authorized me to state that it believes that
23 the December 2017 contractor date is achievable
24 and realistic. I also note that in our

1 conversations throughout this process, all
2 parties have been respectful of the tremendous
3 efforts by MassDOT is making to reduce the
4 impact of the viaduct project on the region in
5 general and also in regard to MGM project
6 specifically.

7 In that regard, I think I'd give an
8 opportunity to the MGM team to make a
9 presentation.

10 COMMISSIONER MCHUGH: Could I just
11 ask one question before you do that? And I
12 should know this, I know. But full beneficial
13 use is a term of art. What does that mean?

14 MR. ZIEMBA: That would describe
15 where the entire deck has been paved and the
16 ramps are open for business.

17 COMMISSIONER MCHUGH: Basically that
18 only punch list items are left.

19 MR. ZIEMBA: That's right.

20 COMMISSIONER MCHUGH: Okay, thanks.

21 MR. MATHIS: Good morning,
22 Commissioners. Thank you for allowing us to
23 present on our construction schedule. This is
24 really a continuation of our June 25

1 presentation.

2 And certainly a lot of work has been
3 done. I do want to thank John and Catherine
4 and the team. We've been on a number of calls
5 trying to share the most up-to-date information
6 and our views so that we'd be in a position to
7 present today. And a lot of work has been done
8 on both sides on that issue including with
9 MassDOT.

10 Before we jump into the project
11 schedule, I wanted to turn it over to Brian to
12 update you on where we are with some of our
13 programmatic design changes just to give you a
14 little bit of context.

15 And I think to Commissioner McHugh's
16 point, we owe you a more detailed presentation.
17 Like we've done many things, we've tried to
18 work with our host community first to make sure
19 that we're as aligned as possible when we come
20 to you with what would be our joint
21 recommendation and request for approval.
22 Understanding that they're not final until this
23 body approves them as well.

24 So, a lot of work has gone on to put

1 us in a position to present to you in the next
2 two to four weeks. Brian, if you would?

3 MR. PACKER: As we know, we just
4 reviewed all of the historic updates here
5 through the first and second quarter of this
6 year. So, I won't touch on them again. But
7 what we're now implementing and drawing are
8 these changes and updating the plans so that we
9 incorporate everything in the historic MOA into
10 the plans.

11 This rendering is a great example of
12 some of the adjustments we've been making. We
13 are keeping the church on-site. The
14 introduction of the hinting of the historic
15 drill shed. Basically bringing in our new
16 design when we present it to you, we will have
17 around 48,000 additional square foot of open
18 space at grade than some of earlier sets.

19 So, what we are really doing here is
20 trying to increase public open space, increase
21 green areas. This is a perfect example of a
22 lot of the good things we are doing with the
23 marketplace, the ice-skating rink, the flexible
24 space Mike mentioned with the truss system.

1 We're going to be introducing a
2 coffee shop along State Street around the
3 location of 95 State. So, for any of you who
4 are familiar with that street right now, not
5 very active. We hope that this outdoor space
6 will activate this area. It will help activate
7 not only close to our hotel entrance but also
8 right across the street from the courthouse.
9 So, we thought that this would be a nice
10 addition out on the front side of State Street.

11 We've looked and evaluated our pool
12 deck and have made some changes to try to not
13 only use the pool deck during the day, and
14 obviously we know weather is always a factor
15 here, but also how do you get more use out of
16 your convention customer and pool deck space.

17 So, while during the day the pool
18 will be open to hotel customers, at night, on
19 the occasion that Mike makes it part of the
20 convention package, we can open this up for
21 convention customers.

22 And not shown here, but on the plans
23 that you will see we are making that connection
24 through that same stairwell that goes under the

1 73 street dome. We take that historic dome
2 stairwell that we previously presented and then
3 it makes a turn and will go up to the pool
4 deck.

5 CHAIRMAN CROSBY: Is this just one
6 story up?

7 MR. PACKER: This is on the second
8 floor. It's actually two and a half almost.
9 So, you come up to the second level of
10 convention to a landing of where the dome is.
11 And then you'll turn and go onto the pool deck.

12 CHAIRMAN CROSBY: Up further?

13 MR. PACKER: Yes.

14 COMMISSIONER MCHUGH: Is the pool in
15 the same place as it was in the only diagrams
16 or has the pool been moved?

17 MR. PACKER: The earliest iterations
18 actually had the pool where 95 State Street is.
19 So, because 95 State Street is being retained,
20 the pool shifts on the plan.

21 MR. MATHIS: Brian, if I can. Amy
22 would you be able to back up two slides, maybe
23 three slides. That's the dome in question that
24 will now be at the top of the landing and then

1 lead to the pool deck.

2 So, as reluctant as I've been in
3 some of the tougher negotiations with the
4 various historic folks, that certainly is an
5 incredible add to the project and something
6 they insisted on. And we acquiesced and it
7 will be at some considerable dollars a pretty
8 magnificent entrance to our pool deck.

9 CHAIRMAN CROSBY: Very gracious.

10 MR. PACKER: One of the other
11 amenities that we're going to be showing you in
12 the updated plans will be we've connected our
13 employee dining room space with the outdoors.
14 So, this is a second-story rooftop garden
15 eating area for our employees. So, making this
16 amenity available to 3000 people, it's
17 important to us. And we think it's a good
18 idea.

19 MR. MATHIS: Just one of the things
20 I'd add about this is when you see our design
21 changes, you'll see that we've taken a lot of
22 basement space and brought it to grade. One of
23 the benefits of that is this space, which is
24 commonly referred to in the industry as the

1 EDR, employee dining room, has been taken out
2 of the basement and now been brought up to this
3 level and now you've got natural light as well
4 as this outdoor experience. That's one of the
5 benefits of some of the design changes you'll
6 see as we tweaked the program.

7 MR. PACKER: This is another added
8 amenity you'll see where over the residential
9 units we've created a secluded residential
10 garden up on the rooftop of the highest level,
11 the fifth floor for the residents only.

12 So, this will be exclusive to those
13 residents. All residents will have access to
14 this rooftop garden area. And it will look
15 down on Main Street. This is approximately
16 4800 square feet of exclusive residential
17 garden.

18 CHAIRMAN CROSBY: What is that row
19 of things across the grass?

20 MR. MATHIS: That is an outdoor
21 chess set just to show some activity and
22 recreation. I think given Springfield, we
23 probably should consider a bocce ball court. I
24 think that would resonate more but that's the

1 idea.

2 COMMISSIONER ZUNIGA: I thought it
3 was a grill.

4 MR. MATHIS: At this point, I want
5 to jump into the schedule discussion. Just to
6 frame the issue and this is consistent with our
7 June 25 presentation. So, the main elements of
8 the request before, as the Gaming Act
9 contemplates, to present and get an approval of
10 our final project schedule.

11 There are three components to the
12 request that you approve our final project
13 schedule as we presented on June 25. That is
14 with your staff. And we've seen the result of
15 that it has been reviewed by your consultants.

16 Secondly, is to set the milestone
17 of final stage of the construction, which
18 backing into what we'll ultimately ask to be
19 our opening completion date would place that
20 interim milestone at February 2018, which is
21 essentially when the interior final tenant work
22 starts to begin.

23 And third, and I think the most
24 important part of this conversation we're going

1 to have today is the concept and our request to
2 tie our opening date to the final completion of
3 the viaduct work when the ramps will be opened
4 up and allow for a free flow of traffic into
5 our site.

6 We are asking that that date be set
7 at the later of the current planned completion
8 date of August 6 plus 30 days because we want
9 to allow for a proper window between those two,
10 or 30 days following whatever that actual date
11 is, the later of those two dates. And we've
12 got some materials to talk about why we feel
13 extremely important that we peg our opening
14 date to that milestone.

15 I don't know if you have any
16 questions. Otherwise, we'll proceed with some
17 of the research we've done which staff has
18 asked us to perform to make our case for this
19 request.

20 Right in front of you is just the
21 milestones tied this new date of essentially
22 September 2018.

23 One of the -- It was a difficult
24 exercise but ultimately one that I think helped

1 us feel better about the request we're making.
2 Staff asked us to help provide some guidance to
3 you about what we perceived to be just being in
4 the industry, the impact of opening our casino
5 resort in a heavily compromised traffic
6 situation, and also other examples of troubled
7 openings.

8 So, as far as we're concerned, I
9 think there are essentially two issues before
10 you related to the schedule and the viaduct.
11 One, our position being that we should not open
12 our resort absent full completion being met on
13 the viaduct as that milestone has been
14 explained. That's sort of the threshold issue
15 number one. And then number two maybe, which
16 is a little bit more complicated, is what date
17 should we assume that milestone to occur
18 sitting here today.

19 So, the next part of this
20 presentation goes to the concept that we should
21 not open it prior to full completion. I just
22 wanted to remind the Commission of the
23 importance of this issue and transportation to
24 our project and our discussions with the city

1 of Springfield.

2 This is an excerpt from our host
3 community agreement and our delay Force Majeure
4 provision. What this language speaks to is our
5 need for a delay and the city's agreement to
6 provide us an extension of our construction
7 schedule to the extent that there was any
8 impacts to major modes of transportation to the
9 project which materially impact our access to
10 the site.

11 So, we identified this issue early
12 on because of the importance of the traffic and
13 the infrastructure and knowing that there were
14 discussions at that time, plenty of discussions
15 about the viaduct and that schedule.

16 So, this was specifically
17 contemplated. And it's actually gratifying to
18 see how specific we were about this very
19 situation that I think we are now countering.

20 So, fortunately for our company, we
21 weren't able to look into our annals and see
22 any examples where we made the mistake of
23 opening in a situation with a very compromised
24 traffic infrastructure.

1 What we had to do, and frankly
2 there's not many examples that we could find of
3 any other properties that opened in that
4 situation. But what we did find are a couple
5 of situations where folks had the misfortune of
6 running into traffic, severe traffic impacts,
7 and what that did to their business.

8 So, if I can, I'll walk you through
9 the first of those. East Chicago, East Chicago
10 which is a city in North Indiana, is part of
11 what is commonly referred to as Chicagoland in
12 the gaming business.

13 Chicagoland represents the casinos
14 in Indian, Iowa and Illinois that are largely
15 benefited from the customers in the Chicago
16 greater area. As you'll see on that slide,
17 there are four casinos in northern Indiana that
18 are in Lake County which is that first green
19 square on the map.

20 One of those just by use of this
21 map, Ameristar Casino in East Chicago is a 25-
22 minute drive from downtown Chicago. So, we
23 draw a lot of comparisons to obviously our
24 situation in Springfield based on our desire to

1 market to Hartford for example and some of the
2 surrounding areas. This really feels very on
3 point to us about some of the experiences they
4 went through and what we feel we would go
5 through with a heavily compromised viaduct
6 project.

7 That is a shot of the Ameristar
8 Casino. There's a river boat behind it. And
9 in northern Indiana, those are all river boats.

10 So, as you can see this is an aerial
11 of the Ameristar Casino. And I've circled what
12 is a very point piece of their infrastructure,
13 which is the Cline Avenue Bridge. Not shown on
14 the map, but to the north and to the west is
15 Chicago. And that represents a major access to
16 Ameristar.

17 As you can see that is a bridge
18 connection that has been destroyed or
19 demolished. And we'll talk about that
20 experience in just a moment.

21 The Cline Avenue Bridge is a 1.7
22 mile stretch of the Indiana state road. It's
23 connecting Chicago to the Indiana casinos. It
24 carried 35,000 cars per day. In 2009, the

1 elevated portion of the bridge was deemed
2 unsafe due to deteriorating infrastructure.
3 Again, kind of uncanny looking at it, kind of
4 the facts surrounding this situation and the
5 one we're facing out in Springfield.

6 The \$150 million cost to rebuild was
7 deemed to be too high by the local officials,
8 so the bridge was permanently closed. At
9 least, that was the decision at that time.
10 That is obviously a shot of the closure and
11 then some of the demolition work that was done
12 to that bridge as they were demolishing it.

13 Here are the headlines. That
14 closure occurred in November 2009. So, these
15 are some of the headlines in the local paper
16 talking about the impact of that closure.
17 "Cline puts some East Chicago intersections
18 near breaking point." So, the thought was they
19 would permanently close that bridge and spend
20 money on the surrounding streets.

21 And what's hard to see on this photo
22 is in the photo and in the caption that one of
23 the surrounding intersection went from 3600
24 cars per day to 17,000 cars per day.

1 Completely shut down some of the local
2 intersections and some of the local
3 infrastructure that got diverted from this
4 bridge. And the local communities were feeling
5 the impact. And you'll see what ultimately
6 resulted from that.

7 And then there's a commentary again,
8 this is two months after the closure. There
9 was an immediate impact on the casinos. "Cline
10 Avenue Bridge has slowed casino traffic
11 analysts say."

12 So, in those intervening couple of
13 months that December, the month after the
14 closure, the four or five casinos in that area
15 suffered their worst business decline in the
16 preceding five years. And in fact, one of
17 those casinos suffered their worst month of all
18 time.

19 One of the telling things that came
20 from that discussion is one of the comments
21 from the general manager of those casinos, Mr.
22 Larry Buck. Buck said the biggest problem
23 facing the two casinos -- his two casinos is
24 the perception that the casinos are

1 inaccessible.

2 And you remember, we talked on June
3 25, it's not only the reality of the delay, but
4 it's the fear and the concern of the delay, and
5 what that does to the psyche of visiting
6 customers. They felt that very much.

7 And I think even more important, not
8 only the loss of revenue, but the type of loss
9 of revenue. In that particular case, they
10 suffered a four percent decline in local
11 traffic. What's unique about Indiana, is they
12 charge and admission tax. So, they have very
13 good stats about who comes into their casinos
14 because they have to pay it forward to the
15 gaming regulators. And I think they have some
16 information about the source of those
17 customers.

18 They suffered a four percent decline
19 in the local business. They suffered a 33
20 percent decline in their 30-minute to 45-minute
21 out business. And the reason that's
22 significant is because I think it essentially
23 turns those casinos into local convenience
24 casinos and gets away from bringing multi-stay

1 out-of-state business into the market because
2 of the perception of how long that commute will
3 be. That's one of our biggest concerns as
4 well.

5 One of the other casinos, and as a
6 public company they were very specific about
7 some of their impacts. "Ameristar Casino's
8 profit take hit on Cline Avenue Bridge
9 closure." This is Ameristar reporting
10 essentially three quarters after their
11 disruption suffering major losses related to
12 the closure.

13 They took a \$56 million impairment
14 on that business. This is their CEO talking
15 about the impact of the bridge into their
16 business.

17 It was such a large event for them
18 that it became an SEC disclosable event.
19 You'll see the two items underlined. This is a
20 third-quarter report of the following year.
21 This is something you'll rarely see and speaks
22 to how dire the situation was.

23 They were actually upbeat in the
24 third quarter following this closure that their

1 business was only down 24 percent in that
2 quarter because the prior quarter they were
3 down 62 percent related to this closure. So,
4 incredibly devastating to the results of that
5 property.

6 And when we estimate the type of
7 impact that would occur with opening a resort
8 with a heavily compromised viaduct, we would
9 have to be looking in the 24 to 65 percent
10 range just based anecdotally on what these
11 folks experienced on very like kind numbers.

12 This is an example, more recent
13 example Horseshoe Baltimore. This property is
14 one of the Maryland properties that opened up
15 most recently. As you know, we are developing
16 in National Harbor in Maryland at this time.
17 What this speaks to, although not the traffic,
18 is the importance of opening well and some of
19 the ramifications if you don't and the
20 lingering impact of a bad opening.

21 This property, this is an article
22 dated June 2015, a couple of months ago. It
23 relates back to their April opening of this
24 resort. What the Horseshoe Baltimore suffered

1 from is they opened right around the time of
2 the riots in Baltimore. And as a result,
3 suffered from the stigma of violence and unsafe
4 conditions in the resort.

5 As you can see based on the quote,
6 their numbers are down 40 percent from their
7 original projections. So, not a perfect
8 comparison but the point is if you open badly
9 the stigmata of that will carry on for many,
10 many months.

11 And now they are in a position to
12 have to change the perception that Baltimore in
13 that area is unsafe. As you can imagine,
14 because of some of the challenges Springfield
15 has in addition to the transportation issue
16 that we're discussing today, we are very
17 cognizant of and we're working hand-in-hand
18 with the city to make sure we work on the
19 public safety perception. So, we've got a
20 double challenge given the work that's going on
21 in the viaduct.

22 COMMISSIONER MCHUGH: Apart from the
23 first month, wasn't Horseshoe underperforming
24 from the get-go?

1 MR. MATHIS: They have been. They
2 have been.

3 COMMISSIONER MCHUGH: Even before
4 the riot.

5 MR. MATHIS: Not to that extent.
6 They didn't meet projections is my
7 understanding, but they still were performing
8 well compared to this 40 percent decline that
9 suffered as a result of what's perceived to be
10 the public safety issue. But you're right they
11 didn't open spectacularly is my understanding.

12 Then a more recent one, and this is
13 the very large mega resort being constructed in
14 the Bahamas, Baha Mar. It's a \$3.5 billion
15 project. And because of that we know many
16 folks in the industry that are involved in this
17 project.

18 And they've had a very rough time of
19 it. And some of the things that they are going
20 through are some of things we think about all
21 of the time in terms of certainty related to an
22 opening and how you communicate and market it.

23 So, this is the Baha Mar website,
24 their main website that they've launched. And

1 when you go into, you'll see a special notice
2 up in the corner. Again, not perfect analogous
3 because we had a difficult time trying to find
4 things that would be helpful for this
5 discussion.

6 But what this speaks to is all of
7 the challenges that come with a troubled
8 opening and not knowing when you are going to
9 open.

10 That is the legal notice that you
11 see on their main website. It speaks to the
12 bankruptcy that they're going through and some
13 of their challenges related to final completion
14 of construction of their project. That is the
15 main message on their website. And it's
16 caused, as you'll see in a moment, some
17 significant problems around marketing the
18 project, creating certainty about when it will
19 open. And all of the things that go with that.

20 This is another page on their
21 website. And the reason I point it out is
22 because there's an FAQ section there. When you
23 go to the FAQ, you are given how soon can I
24 book. And we'll have a similar page on our

1 website that would create some booking
2 opportunities for people that are anticipating
3 the opening of the site.

4 And as you look at it, it says Baha
5 Mar is accepting reservations on our website
6 via our reservation center. You can call that
7 number or you can go to their website,
8 Bahamar.com. When you go to Bahamar.com
9 website, you're in a circular way brought back
10 to their main page, which puts you back into
11 their legal notice.

12 So, the reality is I don't think
13 based on the press clippings they know when
14 they're going to open. And that really speaks
15 to the discussion we're having today. You need
16 to know when you are going to open, because
17 there are so many things that lead to marketing
18 and certainty.

19 And they've had now a couple of
20 false starts in terms of opening. So, as you
21 debate the two dates, for example, today,
22 imagine the challenge we would have if someone
23 asked us when our date is. And we gave them
24 the range of December 2017 to September 2018.

1 These are the kind of challenges you
2 run into including how are you going to book
3 reservations? How do you go talk to different
4 third parties about and create the certainty
5 that comes with an opening?

6 And what comes with false starts and
7 false openings is you ramp up, you hire folks,
8 and in this case you have to lay them off. And
9 this is unfortunately what is happening with
10 Baha Mar. Laid off 190 hotel workers around
11 one of their opening dates that they
12 unfortunately missed.

13 And then now they're ultimately in
14 bankruptcy court. And there are now 2000
15 employees that the Bohemian government are now
16 trying to find employment for and relief for
17 while they get to their actual opening date.

18 And we would suffer -- any property
19 would suffer the same type of challenges trying
20 to open and build to two different dates is the
21 possibility that you would hire and have to
22 terminate and all of the things that go with
23 that.

24 COMMISSIONER MCHUGH: I get the

1 point. But the Chinese walked away from this.
2 And they don't know who is going to finish
3 building the place, which is different from
4 thinking about a spread of several months in
5 the projected opening date. It strikes me this
6 is a catastrophe at the moment. I take your
7 point, but it seems to me that this is that
8 point on steroids.

9 MR. MATHIS: I acknowledge that we
10 couldn't find exactly perfect comparisons to
11 the situation we are facing. This is meant to
12 be representative. If you want to call it
13 worst-case scenario, that might be the right
14 way to think about it.

15 But these are representative of the
16 challenges that come with trying to build to a
17 date that you maybe don't believe in or that
18 may not occur. It's just ramp up and then ramp
19 down. But I take your point. This is not
20 meant to be a situation we will find ourselves.
21 We would like to think we'd manage this much
22 differently even if we were in a situation
23 where we had a date that we didn't believe in.

24 From a social media standpoint,

1 again, this is meant to be representative of
2 the issues that comes with false starts and a
3 bad opening. Trip Advisor, a major website,
4 this is the kind of social media and outreach
5 that happens. This is the link that I think
6 that's got 50 or 60 postings.

7 Baha Mar is it ever going to open.
8 That's because and you hear anecdotes when you
9 go on that website about the canceled
10 reservations that came with it, about the
11 notice, is this the real date, rumors about
12 what the real date is.

13 And it has a snowball impact on all
14 of the different demographics that you'd end up
15 reaching out to whether it would be
16 conventioners, tenants. A lack of credibility
17 about what the real date is. And again, this
18 is just meant to be representative of the
19 things that we're concerned about related to a
20 certain and fixed opening.

21 At this point, I wanted to turn it
22 over to Kevin Dandrade from TEC. Just to
23 remind - Did I get that wrong? Maybe one more.
24 Just to remind you, and this is a little bit of

1 context from our June 25 presentation. This is
2 the viaduct work, the scope of the work and its
3 adjacency to the MGM site. And as you can see,
4 it is our front door of our project site.

5 So, two or three of the major
6 intersections on I-91 dump out onto our site.
7 So, when we talk about the exposure we have to
8 ramp closures, it's really in our minds an
9 impossibility that we could open our site with
10 the ramps closed especially given the kind of
11 impact it would have on the surrounding roads
12 and infrastructure as those cars are diverted.

13 Late in this presentation, I'm going
14 to bring up Jeff Cuiffreda who can speak to
15 some of their views about the local impact of
16 businesses because they're obviously a
17 stakeholder in this discussion.

18 We're going to go through these
19 quickly, but this is just a transcript because
20 this has been a healthy dialogue in the last
21 couple years with this body about the
22 importance of the viaduct. I think you
23 recognized it. We recognized it. And to the
24 extent it's helpful, some of our prior

1 discussion on that item. But I don't think we
2 need to spend a lot of time on it, if you want
3 to advance through that. All of these excerpts
4 I think you can pass through.

5 So, at this point I want to hand it
6 over to Kevin Dandrade, just as a reminder of
7 our discussion in June about the impact of the
8 viaduct to some of our traffic assumptions.

9 MR. DANDRADE: Hello, Commissioners.
10 It's a pleasure to be back in front of you.
11 Thank you for having me.

12 At the last meeting, you heard from
13 Rebecca Brown from our staff with that update,
14 starting to coordinate the schedules from an
15 approval standpoint from the Commission.

16 And what I'd like to do to start is
17 to reflect back on, those of you that attended
18 the formal site walks many, many months ago
19 when we were up at the top of Monarch Place.
20 And we were in the conference room looking down
21 and I may have described that this site sits
22 uniquely at the intersection of highway
23 capacity and sustainable transportation.

24 Two very important legs and walls

1 and faces of our site. And as we look down on
2 the viaduct, we could see patchwork of what
3 were temporary fixes that MassDOT has done over
4 the years and years of trying to repair and
5 maintain an open viaduct.

6 It is an extremely important
7 infrastructure project. And coordinating both
8 MGM and the viaduct project has incorporated
9 dozens of meetings through the permitting
10 stage. There's construction coordination,
11 meeting with the contractor. And it's been a
12 very successful and cooperative discussion.

13 When you look at the history of the
14 viaduct project, and what I'm doing is
15 providing a synopsis of some of these most
16 important features, because I think they're
17 very relevant to the Commission's decision.

18 When MassDOT first started the
19 planning process for the viaduct, it was
20 envisioned to be a design/build project where
21 it would be put out as one package. The
22 original estimates were in the order of \$220 to
23 \$230 million. When they went through a process
24 that changed over time to transform it to

1 become a design/bid/build project to provide
2 more design specificity and bid it out to
3 contractors, what they did was they were great
4 stewards of the state and federal funds that
5 were in their hands.

6 So, what was maybe at one point a
7 \$220 million project, by going through a
8 design/bid/build routine resulted in an awarded
9 bid of \$148 million. So, considerable savings
10 over what was originally anticipated.

11 Now one of the impacts of going
12 through that process is time. They took time
13 to be more specific to save a lot of money.
14 That's a good thing for the Commonwealth. When
15 you look at some of the things that have
16 resulted in the flexibility of their schedule
17 over time and things that have started to
18 overlap with what we're talking about was what
19 was originally envisioned as an opening later
20 in '16 became more in focus when we were
21 dealing with them as opening in late spring or
22 the summer of '17.

23 With our original planned opening in
24 September of '17 and those things dovetailing

1 and we had a couple of months of float, and
2 that was reflected of some of the quotes from
3 prior meeting minutes is that we said great.
4 We are able to open up after the viaduct is
5 completed. It was the foundation of all of our
6 permitting analysis, and our practical
7 understanding of what we were getting for
8 infrastructure that surrounds the site.

9 With the more recent changes, some
10 of which dealt with that design/bid/build
11 process, the construction schedule changed to
12 be an opening and a current contract deadline
13 of the August 6, 2018.

14 So, with those things in mind, we
15 were now faced with how to bring these back
16 into sync that made sense, made sense for
17 multiple reasons. The top three reasons are,
18 and Michael has already described from a
19 business sense. MGM opening up at a time that
20 makes sense for those patrons to return, to
21 have a positive experience and return.

22 Secondly, we're able to open up at a
23 time where our opening traffic isn't mixing
24 with construction traffic and causing

1 additional heartaches trying to finish the
2 viaduct job.

3 And third, the capacity that exists
4 on those local roads, knowing that MassDOT
5 needs to push traffic off the viaduct because
6 of the lane pinch up there that that capacity
7 isn't going to be further hampered by patron
8 traffic of MGM opening too early. So, that
9 capacity is preserved for those existing
10 downtown businesses and residents.

11 When we look at the specific impacts
12 of what impacts what is truly our front door,
13 we're looking at not only diminished capacity
14 on the elevated viaduct, and this is a very
15 complicated project with very limited
16 flexibility for what they can do, and what
17 they've done very well so far for trying to
18 maximize capacity, is essentially a highway up
19 in the air.

20 They have the ability to maintain
21 two lanes, narrow lanes through the viaduct
22 right in front of our site near State Street,
23 but that ramps have to be closed. Exits 6 and
24 7 in closest proximity to our site are closed

1 for the duration of that construction contract.
2 There's been no flexibility really because of
3 the concrete deck that has to be demolished and
4 then replaced that has been expressed to us
5 where they can open those up early.

6 That hasn't been defined and we
7 eagerly await the baseline schedule that was
8 talked about so we can look at that, coordinate
9 with them for specific attributes. But it's
10 very important from what MGM is dealing with
11 upon opening that that capacity is there.

12 When we look at the full beneficial
13 use of I-91 and those ramps, knowing that that
14 is currently anticipated on a very aggressive
15 and hopeful of being mid-December '17, the
16 contractual deadline still remains August 6,
17 '18.

18 So, although there's hopeful
19 anticipation that that will be hit and I think
20 that there are many efforts at going towards
21 trying to push that and a lot of attention at
22 the state level, I think ultimately it presents
23 a great deal of risk in dealing with the
24 difference between optimism and the

1 practicality of having a contractual deadline.

2 I think that from everything that I
3 hear, they are going to strive for taking
4 advantage of every single day that they have
5 that \$50,000 benefit of opening up early, but
6 time will tell.

7 And the biggest test for this would
8 be say next summer because they're doing some
9 preparatory work in the first phase now.
10 That's expected to be completed by December.
11 So, the major demolition when they start taking
12 lanes on 91 will occur over the winter time.

13 So, the seasonal peak of traffic
14 knowing that there's Six Flags, a lot of
15 downtown businesses, activities, the Big-E
16 those seasonal high levels of traffic won't
17 really be realized until next summer when we're
18 going to see what it really is like with the
19 pinched and diminished capacity.

20 COMMISSIONER ZUNIGA: I just want to
21 make a comment that I'm going to come back to
22 that comment later, time will tell a year from
23 now. I want to make a point about that later.

24 MR. DANDRADE: When we look at

1 capacity itself, obviously, one of the things
2 that I've described to the Commission and to
3 your consultants and to MassDOT is the biggest
4 benefit for us was that there was capacity that
5 exists on these roads, on East and West
6 Columbus, on Main Street that surround the site
7 for when we open. That capacity exists. We
8 were revitalizing downtown.

9 When we look at the potential
10 impacts of opening up early and during the
11 viaduct construction and knowing that MassDOT
12 needs to and plans to push between 500 and
13 1,000 vehicles per hour off the viaduct onto
14 East and West Columbus, what that does is it
15 creates that additional traffic friction and
16 diminished level service on those local
17 streets, also at our front door.

18 CHAIRMAN CROSBY: Could I interrupt
19 for one second? Can we just ask something of
20 the other Commissioners? I am persuaded as I
21 pretty much was way back that it would not make
22 sense for the facility to open prior to the
23 viaduct being ready for use.

24 The issue in my mind is the second

1 issue, what date do you target for that? If
2 the other Commissioners are in agreement on
3 that first point with me, and I think we've all
4 sort of assumed that from the beginning, we
5 could bypass the rest of this conversation and
6 save some time and get straight to the second
7 issue.

8 I am persuaded that it would not
9 make sense to open without the viaduct being
10 ready.

11 MR. ZIEMBA: Mr. Chairman, that
12 finding was confirmed by our consultants, by
13 both our financial consultants and our traffic
14 consultants.

15 CHAIRMAN CROSBY: Right. So, I
16 don't want to cut this off if anyone else wants
17 to go on, but I just sort of go straight to the
18 issue of all right, so, which month are we
19 talking about.

20 COMMISSIONER ZUNIGA: Yes.

21 COMMISSIONER MCHUGH: I've had a
22 chance, I think we've all had a chance to think
23 about this repeatedly. We've listened to
24 presentations before. We've investigated it.

1 We listened to -- not listened to but we've
2 seen the reports prepared by our consultants.
3 I agree with that as well.

4 COMMISSIONER CAMERON: I do as well.

5 CHAIRMAN CROSBY: So, let's get to
6 the next issue.

7 MR. MATHIS: Sure. Thank you, Kevin
8 for making a case that didn't need to be made.

9 COMMISSIONER MCHUGH: It was helpful
10 for public discussion.

11 MR. MATHIS: I shouldn't have been
12 factious about that. Thank you. Thank you for
13 getting us to the next issue. If you can
14 advance one more slide Amy.

15 I'm going to make an attempt. I'm
16 going to hand it off to Brian a preempt
17 Commissioner Zuniga on the question he will be
18 asking about time will tell.

19 What this speaks to is what the
20 right date to pick, and the need to pick a date
21 now versus the request that's been made by your
22 staff to wait and see and perhaps adjust on the
23 fly. Some of the things we'll be speaking to
24 in a moment relate to the long lead-time items

1 frankly that are starting now that require --
2 in our belief, require us to pick a date.

3 MR. ZIEMBA: Mike, would you mind if
4 I just put a little finer point on that for the
5 Commission?

6 MR. MATHIS: Shaw.

7 MR. ZIEMBA: So, I think what I
8 recommended, not recommended, was I offered in
9 some of our discussions is that a date could be
10 set and then it could be adjusted to that date
11 based on analysis. Just a finer little point
12 on that.

13 MR. PACKER: I am going to speak a
14 bit about construction and design and why
15 really a known and certain opening date is
16 really important to us. We need to have that
17 target on the wall.

18 We can't put a target and say well,
19 it might change later. We'll try to do this
20 and we'll see how it goes. And that's really
21 important for a whole bunch of reasons. We'll
22 touch on some here today.

23 One is we have teams of design and
24 construction folks right now trying to plan,

1 procure and implement towards an end goal. We
2 are working on design drawings, design
3 contracts, contract documents for trade and
4 general contractors.

5 We're looking at how to source long-
6 lead items like curtain wall, MEP equipment,
7 steel. Curtain wall right now is potentially
8 17 months out or more.

9 The procurement of manpower and
10 labor in the Springfield market, it's likely
11 with the size of some of the union halls out
12 there we are going to have to look at how other
13 people supplement those halls. That is normal
14 in that area. Folks boom in all of the time if
15 work ramps up.

16 But how do we accurately schedule
17 that, schedule housing? How do we execute
18 contracts, fixed-price contracts with a scope
19 that's agreed-upon by myself and the
20 contractors if I don't have that target date?

21 So, all of these are real important
22 upfront and the leg work we do now. And we do
23 it with design and construction. And the teams
24 must limit scope uncertainty. Really that's

1 what we're trying to do when we sign somebody
2 up is really limit the uncertainty, finalize
3 their contract, their contract documents and
4 give them something to go to work with.

5 And we want to convert our risk, our
6 owner risk into binding agreements with hard
7 deadlines. What is unacceptable in this
8 process or what doesn't work in this process is
9 when we have idling manpower and general
10 conditions costs. We have off-site storage of
11 materials that should have been installed in
12 the building, but we have to now store them
13 off-site because something's not ready.

14 We have start/stop cycles of
15 construction work related to say lack of
16 regulatory approvals or lack of contracts being
17 synced up with one another, which would cause
18 renegotiation of trade subcontract awards and
19 continue resequencing of work.

20 So, it really wreaks havoc on the
21 whole process if we don't have something to
22 shoot for. Obviously, in our current proposed
23 schedule on top of the viaduct, there still are
24 some unknown risk factors that we're still

1 dealing with. We tried to target dates in the
2 current schedule for these, but it's obviously
3 the execution of the historic MOA, which we're
4 very close to here.

5 To give you an example on that this
6 took, if you look at the baseline schedule,
7 this took about seven months longer than we
8 initially anticipated. Did it affect us seven
9 months? Have we rescheduled some things to try
10 to take that impact and cut it down to three
11 and a half or four months, but these type of
12 things still can have an effect on us.

13 The manpower like I mentioned.
14 Weather is another impact, of course. This
15 site plan review process, which we hoped to
16 start here in two to four weeks with the city.
17 And then obviously the Section 61 Findings.

18 So, these are all of the things
19 we're trying to balance right now to try to hit
20 that target date that we presented in September
21 '18, and just a bunch of the driving factors
22 that really we deal with here on a daily basis.

23 COMMISSIONER MCHUGH: Part of the
24 underlying assumption there is that you want a

1 completion date that is just in time for the
2 opening. So, you don't have an empty building
3 hanging around with the carrying costs of the
4 empty building and the staff costs of getting
5 -- the staff costs that you need so that the
6 thing can open, right? That's the underlying
7 assumption.

8 MR. PACKER: That's correct. My
9 construction schedule, I tell folks all the
10 time, the company doesn't ask me when we can
11 open. The company let's Brian know, here's the
12 operational date that we're going to open.
13 This is the best operational date where we were
14 going to open. This is true in every casino
15 I've opened.

16 So, they evaluate all kinds of
17 factors to pick that date. So, that is one
18 factor that goes into that evaluation. And
19 there's a bunch of other operational factors
20 that Mike will walk you through. But I tailor
21 each schedule to they will give me a date. And
22 I work to craft the schedule the most efficient
23 manner that I can to meet that date.

24 COMMISSIONER ZUNIGA: Do they ever

1 give you an early completion schedule? Shoot
2 for this date. It'd be great if we could open
3 this date but with a fallback for a later date?

4 MR. PACKER: I have not seen that,
5 no.

6 COMMISSIONER ZUNIGA: You know it's
7 a common practice in the construction industry.

8 MR. MATHIS: Commissioner Zuniga, if
9 I can, and this really is a nice transition
10 into the next discussion.

11 This is more than just transferring
12 our costs on our side of the ledger so that we
13 have the ability to open and start producing
14 tax revenue for the state. I think in fairness
15 that would be an important consideration. We
16 shouldn't bear the burden of carrying a
17 building for an extra nine months before it
18 might be ready. But it's really more than just
19 that.

20 With respect to the early
21 completion, that is common. And a great
22 example is if you can book a great piece of
23 convention business, for example, you might be
24 willing to accelerate or to meet an earlier

1 date. That'd be an example of why, or to make
2 another event or catch a certain window, catch
3 a Super Bowl weekend. You would do that
4 analysis all along.

5 And I think one of the more
6 important underlying assumptions is we are
7 perfectly aligned with the Commission and the
8 Commonwealth to open our property as early as
9 we can. It would end our carrying costs and
10 would allow us to start generating revenue.

11 So, we will make those decisions
12 based on the progress of our own construction,
13 based on weather. Weather as you know is going
14 to be a huge factor. Do we have a light
15 winter? Or do we have a heavy winter? If we
16 have a heavy winter, we're all going to be
17 suffering delays. And I assume that applies to
18 the viaduct project as well.

19 But at some point, and I'll get into
20 that in just a moment, certainty is the most
21 important issue in our business so that we can
22 start negotiating and implementing things that
23 require us to "pull the trigger" today. If
24 you're ready for that discussion, I'll move on.

1 COMMISSIONER MCHUGH: I understand
2 the need for certainty insofar as all of the
3 things that we just discussed, the scheduling
4 of what phases are the building are going to be
5 built when, when the materials arrive, and all
6 of that stuff. I understand the need for
7 certainty there.

8 But I would like to hear about the
9 other components of the need for certainty.
10 And I also understand about you can't have a
11 Baha Mar situation. We'll get back to you
12 later. I understand that. But I did say that
13 I thought that was not what we are dealing with
14 here.

15 MR. MATHIS: Duly noted. So, beyond
16 construction here are some of the practical
17 issues that we're running into that relate to
18 third parties and their need for certainty.
19 We're in the market right now talking to
20 tenants, major tenants, anchor tenants that we
21 hope to start announcing in the winter and do
22 rolling announcements as we go.

23 They have a pipeline to their
24 development. I am sure that is something

1 you've either seen before, can understand. So,
2 we are in the market right now talking to
3 tenants. And their capital budgets are such
4 that they may have 2017 already committed but
5 2018 available.

6 And the question would be today if
7 we are pegging a December 2017 opening what do
8 we say to that tenant who says I can look at a
9 2018 opening but I am out of capacity for 2017?
10 That's a very real discussion and the kind of
11 the issue that we'd run into today. If we shot
12 for an earlier date, we'd have to tell that
13 tenant we have to pass because we may be
14 looking for a grand opening in that year versus
15 '18. That's one example.

16 All kinds of levels along the
17 spectrum of tenants needing some certainty
18 around what the opening date is. As they build
19 staff up, etc., gain funds for their fit-out,
20 they need to know a real date, a date that we
21 can stand behind versus an aspirational date.

22 Executives and employees, we are in
23 the middle of a training process and planning.
24 So, we've been working with the community

1 colleges for example. So, if you think about a
2 December '17 opening date for example, we are
3 essentially 24 months from that give or take
4 two or three months.

5 We're talking with the community
6 colleges about two-year training programs for
7 example. So, in our minds pegging a fall of
8 '18 opening allows us to work throughout this
9 winter and into the spring. And to kick off
10 what would be a two-year program that would
11 start in the summer of 2016, backing two years
12 into an opening.

13 If we were to peg a December '17
14 opening, we would be kicking off that program
15 now. That could be done. We could rush
16 through it and potentially get that on. But
17 then what you would end up with is employees
18 that would be getting trained up that would
19 incur debt, student loans, whatever it would
20 take to get ready for a job opening that they
21 would not have available for another year.

22 That's the practical implications of
23 picking a date today that we don't believe is
24 as credible as the outside date. And certainly

1 not as safe as the outside date.

2 We have executives. We have
3 executives outside of this market that we are
4 starting to recruit within our organization to
5 come out. Part of that 10 percent of that we
6 said that we would bring from outside this
7 market into MGM Springfield to help train and
8 open this property properly, I'm in discussions
9 with some of those young executives today. And
10 they need to back into what is their commitment
11 to their current property? What is going to be
12 their transition time to Springfield?

13 And it makes a big difference
14 whether we tell them it's two years from now,
15 it's three years from. It takes certain people
16 off the table that would be eligible and opens
17 it up to others.

18 It changes how we would recruit for
19 National Harbor, which is our most recent
20 opening. And there's a ton of value that comes
21 from bringing some of those folks out here. If
22 we were to do a 2017 opening, those people
23 wouldn't be available because they would still
24 have obligations to our existing properties.

1 Again, some of the lead time items that we are
2 dealing with today.

3 Entertainers as well. As we start
4 to recruit and think about programming around
5 that that one's got a little bit more
6 flexibility than some of the other items we
7 have. But again, those require long lead-time
8 items because some of the bigger stars are
9 going to be booked out a year and a half, two
10 years out. So, we have to make some of those
11 decisions some of those early commitments.

12 And then hotel room reservations and
13 conventions. I personally have received
14 solicitations from convention groups that want
15 to be the first convention to open up on our
16 property. And they are interested in 2018. If
17 we pegged a 2018 opening date and had the
18 building open in December 2017, I wouldn't be
19 able to make a commitment that they would be
20 part of that opening group. Everybody wants to
21 be in hotel when it's fresh and new.

22 So, the extra nine months we would
23 take to backfill business if we were to build
24 to an earlier opening and it materialized, it

1 would take away our ability to put those types
2 of groups in who insist on planning and who
3 insist on being in the building first.

4 If we booked those for 2017, we'd be
5 incurring, as you can imagine, significant
6 penalties because those folks plan their
7 conventions two, three, four years out. You
8 can't displace them last minute even a year
9 out, because then their substitute cities have
10 already been booked up.

11 All of things that go behind
12 certainty and a date -- more than certainty,
13 but a date you really believe in and the date
14 you'd be willing to stand behind. That's why
15 the contract date is what want to tie ourselves
16 to.

17 The last commentary on that piece
18 is, we really appreciate the efforts of
19 MassDOT, MGC, the administration to try to
20 accelerate this schedule, because ultimately we
21 are concerned about the August date being the
22 contract date, because issues happen. We all
23 know they do. And I think the ability to
24 accelerate it just makes us feel that much more

1 comfortable about the August date and all of
2 these commitments that we are talking about
3 making.

4 CHAIRMAN CROSBY: Mike, I appreciate
5 these points. And I think all of us are really
6 wrestling with this. I for one would certainly
7 not recommend December '17 or January, 30 days
8 from December '17. That wouldn't make any
9 sense to me to hitch your star to that wagon.

10 But it does seem to me, as you said,
11 it's in your interest too. There's a lot of
12 money a month. Every month that goes by
13 there's lot of money on the table for you guys
14 as there is for the Commonwealth.

15 Even understanding these points,
16 picking a midpoint between January and
17 September, picking May, June say -- Designing
18 your plan to retain the option to target May,
19 June for some number of months. If you picked
20 six months let's say, we'd have one winter
21 under our belts.

22 We probably would have a lot of work
23 by DOT figuring out or by White figuring out is
24 there more deterioration than we knew, which is

1 going to be one of the big issues. Like when
2 you get your house renovated, you always find
3 something wrong in the foundation beams.

4 If you pick 12 months, there must be
5 some number of months. I know there's a day.
6 I know there's a week. I know there's a one
7 month. There's probably two months. There
8 must be some number of months where you could
9 retain the flexibility at minimal, some but
10 minimal cost and inconvenience to give you and
11 us the chance that if it looks like they are
12 going to make it that you pick up an extra four
13 or five months. Just logically it doesn't seem
14 to me that you couldn't plan for some
15 significant period of time to retain that
16 flexibility until we were absolutely locked in
17 stone to a date.

18 MR. MATHIS: I think I'll tag team
19 this with Brian. Some of the issues we spoke
20 about around certainty and the conversations
21 we're having today, there really is a big
22 difference between May and June and September
23 in this context in terms of tenants looking to
24 open and staff up. Again, that falls into

1 sometimes their fiscal year. That's a 2017
2 fiscal year for a lot of tenants we'll be
3 talking versus the fall '18 which would kick
4 off another strategic opportunity for a lot of
5 the folks we're talking to.

6 Beyond that I think in our view
7 anything between December and August, and the
8 midpoint is as good as any, is less reliable
9 than the date that the contractor has chosen.
10 We are looking to the date that the contractor
11 is committed to from a contractual standpoint,
12 as you can imagine, because that's really when
13 the best date that we can operate against.

14 And we are open to having -- We will
15 be actively looking at accelerating the date if
16 it makes sense to do so on a cost-benefit
17 analysis. That's why I sort of opened up with
18 we're incented, I think properly to do what
19 you're talking about. But to put it in a
20 contract or a license restriction or a language
21 gets really murky because then someone -- for
22 that provision to have any impact on us, it'd
23 be someone second-guessing the decision we're
24 making as business folks all along.

1 So, the midpoint is problematic
2 because that's not the date that the contractor
3 feels comfortable committing to. And one of
4 the things I heard recently is the December
5 date has been chosen because if they don't hit
6 the December date then they're going to be in
7 the middle of the winter. Think about that.
8 That's more than the six months that they're
9 incented to with their bonus.

10 My understanding is that the reason
11 that they've gone ahead and shown an eight-
12 month or nine month acceleration is because
13 there's only one or two months before that
14 winter hits where they won't be able to achieve
15 it. So, for those reasons, I think it's
16 difficult just to add a midpoint because there
17 is some threshold sort of cliffs in there from
18 a construction standpoint in the winter season.

19 So, in the spirit of what you're
20 discussing, we're going to actively manage and
21 try to get opened as early as we can.

22 CHAIRMAN CROSBY: Let me put it
23 around in another way. If you target September
24 and come this time next year it's pretty clear

1 White is going to make it, can you move your
2 opening back? Is it worth it to you for \$10
3 million a month or whatever it is to move back?
4 It sounded like you were suggesting you might
5 do that.

6 COMMISSIONER ZUNIGA: Or just to
7 append to that how do we know that you have not
8 lost the ability to do that, which was your
9 original point about flexibility?

10 MR. MATHIS: I really do want Brian
11 to answer that question. It would be easy for
12 us to say we can shoot for a May date, but I
13 just want to be as candid as we can about it.
14 The reality of construction are those four or
15 five months is critical.

16 Can we do an early completion
17 schedule that would accelerate us two or three
18 weeks or six weeks because like I said, in our
19 business, we've looked at those types of
20 provisions to try to hit a piece of business
21 that comes in late. And say we have the
22 building open, we'd be able to get this group
23 in.

24 But to do it four or five months now

1 from this standpoint would be building now to a
2 whole different schedule. It would impact the
3 type of equipment we're going to procure. It
4 would require a good amount of acceleration,
5 frankly, to try to hit that date. That's fine
6 if that's the date that we believed in.

7 But to invest in that and to have
8 the conversations we're talking about, to
9 tenants, to convention groups, what do we say
10 about someone who is interested in moving into
11 the building in May '17 and the confusion that
12 comes with having that date out in the public?
13 You run into some of the situations we talked
14 about. What is the real date? And that is the
15 dialogue. Is that the real date? Is that the
16 real date? We'll have to let you know. And
17 that's a tough situation for us to open to.

18 COMMISSIONER MCHUGH: What do you do
19 -- Just to explore that for a minute. What do
20 you do if the August 6 date is the date chosen
21 and then unexpected developments in the
22 construction occur and delay it by 10 months?

23 MR. MATHIS: If it's delayed 10
24 months?

1 COMMISSIONER MCHUGH: Yes. We're
2 talking about the need for a realistic date
3 because there's two basic considerations.

4 CHAIRMAN CROSBY: He gets up on the
5 Monarch building on the ledge I think.

6 COMMISSIONER MCHUGH: I was asking a
7 question. We talked about the carrying costs
8 of an empty building and the employees
9 necessary to staff it. We talked about all of
10 the arrangements and I understand that the
11 tenants, the others, the conventions and
12 everything.

13 So, suppose the date is August 6.
14 That's the date you picked. That's the date
15 you build to. That's the date you're ready
16 for. Now unexpected developments appear that
17 push it out by 10 months to a year. What
18 happens then?

19 MR. MATHIS: It's a very fair
20 question. I think the difference between the
21 situation you're describing and the earlier
22 date --

23 COMMISSIONER MCHUGH: You saw
24 exactly where I was going.

1 MR. MATHIS: The main difference is
2 we pick the best date we can pick and we give
3 ourselves contractual protections so that we
4 can extend that date.

5 To pick a date that candidly we
6 don't believe in and I don't think this is
7 where the discussion should go is to how
8 credible is the December date versus the August
9 date, I think the best evidence and the best
10 plan of action is the best information we have
11 today.

12 I think it's pretty telling and no
13 criticism to JF White or to MassDOT, they
14 didn't change their contract date to December
15 where penalties would kick in. They left that
16 date in place. And they now have a December
17 date. And we're grateful that they do because
18 it makes us more confident because of what
19 you're describing that we at some point in the
20 next six months or so to start continually
21 committing ourselves to an August date.

22 If we did get delayed, we would have
23 protections in there, in our contracts in our
24 organization that would allow us to get

1 extensions of those. But as you can imagine at
2 some point we would be going at risk.

3 If we have piece of convention
4 business that we really want to book and they
5 ask us to commit to that date, we'll put in a
6 little bit of flexibility around that but they
7 may very well ask for a penalty. And we'll
8 make those decisions all day long about the
9 cost/benefit of that piece of business versus
10 \$100,000, \$200,000 penalty. And we'll have to
11 continue to monitor and we will monitor the
12 progress.

13 But we want to pick the best date we
14 can so that we have the best success of hitting
15 it, knowing that we are at risk. We're at risk
16 for what you are exactly describing because we
17 know that the contractor could be delayed and
18 MassDOT could be delayed.

19 COMMISSIONER MCHUGH: Okay. Thanks.

20 CHAIRMAN CROSBY: Just for the
21 record, it is not implicit in what I'm saying
22 that I particularly have confidence in any date
23 or not. I don't think that is -- My issue is
24 can you reasonably retain some flexibility for

1 some period of time in order to flesh out the
2 plausibility of an earlier date? I am not
3 saying you should count on JF White. I'm
4 saying can you be flexible reasonably for some
5 material number of months?

6 MR. MATHIS: I think candidly we can
7 be flexible for weeks. We can't be flexible
8 for months. It would change the way we would
9 procure the project. And it would represent --
10 We'd have to potentially made sacrifices for
11 the type of materials we go procure, the type
12 of vendors we reach out to.

13 A three-month duration is different
14 than 27 month. And that would impact the
15 people that we're speaking to and the training
16 and the programs we're talking about. But
17 that's something, like I said, that we would
18 continue to evaluate throughout the process.

19 I think in fairness no one believes
20 in the next six months we would be that much
21 more confident in a May date versus an August
22 date, because I think that last winter is going
23 to be critical. And that last fall leading up
24 to that winter would be critical.

1 So, we're just operating off the
2 best information we have today. That's our
3 main position on that.

4 MR. PACKER: Just one thing to add,
5 once we get started here it's like a huge ball
6 rolling down a hill and it's just going to gain
7 momentum. To say eight months from now I'm
8 going to stop that and look at things, options
9 with 200 plus trade contracts and consultants
10 and all kinds of things, the havoc that it
11 wreaks on the team, the implementation, the
12 uncertainty, it's a very costly perspective.

13 Now towards the end of the project
14 when things are procured when they get here and
15 you may be able to accelerate a hair on the end
16 because it's basically bodies and overtime
17 that's a little more realistic than trying to
18 look at something midway or six or eight months
19 from now.

20 So, I think you have to pick a date.
21 You have got to shoot the team towards a goal.
22 We've got to go towards it. And if
23 circumstances change that are real then we can
24 react at that time with that cost-benefit

1 analysis.

2 Now to kind of look at it like a
3 magic eight ball and try to look at all of
4 these different scenarios, it doesn't move the
5 project forward. It really confuses team
6 members. And we're looking at giving
7 directions and start moving with a clean,
8 concise plan that we believe in and that we're
9 going to hit.

10 MR. MATHIS: One of the things I
11 think that is important to point out is the
12 August date in many ways represents an
13 aggressive date. Because if you think about
14 the six-month period following the August date
15 under their contract, there's a contemplation
16 that they could be six months late and there's
17 a penalty related to that.

18 The truly most conservative date
19 could be sometime in 2019, for example. So, we
20 think we are at risk on the August date. And
21 many of the things that you're speaking to are
22 the risk factors we're going to have when we
23 enter into some of these contracts today and
24 the next six months.

1 But again, I think the effort to
2 accelerate isn't in vain, because I think it'll
3 make us more comfortable. And it will make the
4 tenants and the different executives and the
5 convention groups that we speak to, we're going
6 to be able to point to the evidence of some of
7 that progress to get them more comfortable with
8 accepting that August date as the right date.

9 Let me bypass a couple of these
10 other slides and get to -- If you can Amy, keep
11 going. And we can revisit this. I think we've
12 taken up more time that we need to on some of
13 these. But these are some of the other third-
14 party factors.

15 As always, I personally pride
16 ourselves on doing so is when we come to you we
17 come prepared. And we come with a significant
18 amount of work done in advance so that it's a
19 collaborative process.

20 By doing so, we've gone to the city
21 of Springfield had this conversation in detail,
22 because obviously they're materially impacted
23 by this. You've received as of the June 25
24 hearing a letter of support for our decision

1 weighing out all of the factors that we've
2 talked about in this meeting, because they're
3 anxious to get going and to get their local tax
4 revenue started.

5 But this is a letter that supports
6 our decision and the date we've chosen. We've
7 also received a letter of support from the
8 Chamber of Commerce. In just a moment, I'm
9 going to introduce Jeff Ciuffreda to talk about
10 that as well.

11 Next letter from the United Way as
12 well in terms of some of the local stakeholders
13 that are impacted by this decision. Again, had
14 a conversation with them. They're supportive
15 of this decision.

16 And really most importantly the CVB
17 in terms of the Convention and Visitor Bureau
18 and the impact that they'll have. They
19 absolutely don't want us to open up compromised
20 because they're out marketing to tourism and to
21 different groups trying to sell the city at the
22 same time we're trying to sell MGM Springfield.

23 So, broad array of support from our
24 local stakeholders. And I think that's a very

1 important part of this discussion. Chuck did
2 you want to add something before I hand it over
3 to Jeff?

4 MR. IRVING: Just one thing.
5 Really, I just want to echo what Mike said with
6 an exclamation point. We are very, very, very
7 concerned about slippage to 2019. I know
8 acceleration is a good discussion, but
9 prevention of anything happening that could
10 allow this to slip into '19 I think is even
11 more important.

12 MR. MATHIS: With that I'll hand it
13 off to Jeff Ciuffreda. He was, as you may
14 know, you recognize his face, he was very
15 prominent in our referendum campaign. And much
16 to the chagrin of Mayor Domenic Sarno, many
17 people in the East think of him as the mayor of
18 Springfield.

19 I've been in some cocktail parties
20 where I've had to correct them on that. But we
21 asked Jeff to be here to talk about this
22 decision and the impact on the businesses and
23 their view on it.

24 MR. CIUFFREDA: Thank you Mike.

1 And I'll be brief because I think you've made a
2 lot of progress here already. Chairman Crosby
3 and Commissioners thank you.

4 I've obviously been involved with
5 this project for many years. I've never
6 appeared in front of you. So, I just wanted to
7 take this time to thank you for your due
8 diligence and the hard work you've put into
9 bringing gaming to the Commonwealth of
10 Massachusetts and ensuring that it's
11 sustainable into the future.

12 That's really what we are all about
13 at the Chamber, to make sure what we do is for
14 the good of the future. And I appreciate all
15 of your work.

16 The Chamber has also been involved
17 in the other project talked about here, the I-
18 91 corridor. As a matter of fact, over two
19 years ago MassDOT came to us and asked us to do
20 a survey of our members, where they park, where
21 they work, where they come in from, what routes
22 they take and everything. So, I do commend as
23 MGM does the due diligence that MassDOT has put
24 into that project as well.

1 So, we've got a great history. I
2 had more hair three years ago, but a great
3 history of both of these projects which brings
4 me to my role today. Just to spend a few
5 minutes to build upon the letter that I believe
6 you have in your packet before you, and
7 obviously to support MGM's request for a later
8 completion and opening date for their facility
9 for many of the reasons they've laid out.

10 The role of the Chamber, I think,
11 and you may already know that as well is we're
12 written into, the Springfield Chamber of
13 Commerce is written into the host city
14 agreement that was signed by the city of
15 Springfield and MGM to be a conduit, if you
16 will, a funnel for vendors, not only from
17 Springfield but from the entire region.

18 I've reached out to the chambers in
19 Franklin County and Berkshire County as well to
20 ensure that as many of those vendors that we
21 can find locally end up as vendors to MGM. As
22 a matter of fact, there is an amount of \$50
23 million that's in our host city agreement that
24 MGM is committed to making their best efforts

1 to bringing in \$50 million of goods and
2 services.

3 And that does sound aggressive for
4 us but we hope to hit that target. Not only
5 hit it, but make that grow year after year
6 after year. So, we're excited for that
7 challenge, but the problem we have as you
8 probably know, and I appreciate you coming out
9 to the region as often as you do, we are a
10 region of small business.

11 And as I drive into Boston and into
12 the big city, I think I change that to a region
13 of very small business. And for those small
14 businesses, very small businesses to become
15 vendors to MGM, they need to make commitments
16 really now. Many of them are looking at their
17 facilities. Is it being enough to become a
18 vendor? Not many of them are vendors to an
19 internationally known corporation such as MGM.

20 So, they may need investments in
21 their building. They may need new machinery or
22 upgrade their machinery. They may need quite
23 frankly a larger workforce that they have to
24 train or they have to retrain their own

1 workers.

2 So, while there's a lot of
3 excitement there, there's a lot of work that
4 these businesses have to do at the same time.
5 We are concerned about how they make those
6 investments. Nothing is guaranteed that they
7 will be a vendor, but we've had a lot of
8 discussions with them that if they do have that
9 early on commitment from MGM then they can go
10 forward with their plans.

11 So, all of that as I said really
12 just means that there has to be a degree of
13 certainty. All of that depends not just upon
14 MGM opening their doors but opening them in a
15 way that obviously shows the sustainability and
16 the fact that they are here and they will grow
17 free of glitches or interruptions.

18 So, again that \$50 million per year
19 in goods and services can grow. That's quite a
20 commitment for our members to make.

21 Just a little bit because we're all
22 talking about I-91, the viaduct. And as I
23 said, we've had a two-year history with them.
24 I've been at the Chamber of Commerce for 27

1 years. I have seen the Julia Buxton Bridge,
2 which is referred to as the South End Bridge in
3 Springfield, the Memorial Bridge, the North End
4 Bridge. And we were very much a part of the
5 ramp reversals that happened not long ago on I-
6 91.

7 Again, I have a great working
8 history with DOT and a great working history
9 with all the contractors who have done that.
10 So, it is not in any bit of disrespect do I say
11 that when my members talk to me about issues of
12 the day, the issue of the day is I-91 viaduct.
13 And they all come at that with a very healthy
14 dose of skepticism.

15 I'm an old Peace Corps volunteer.
16 I'd like to think that I carry around a healthy
17 degree of optimism with me even to this day,
18 but I must admit I have to share my members'
19 feelings on skepticism that exists only because
20 of what we have seen in the past with those
21 bridges and major construction projects in our
22 area.

23 I think it's been talked about right
24 now that as you peel that onion or layer back,

1 which has been the history there's always an
2 unknown. I think one of the Commissioners
3 mentioned that often happens.

4 And other thing is we're talking
5 about three winters. We are all here in New
6 England. So, I don't have to go further into
7 that that that is a great unknown. Therefore I
8 think that's where the skepticism comes.

9 The other trait that we have in
10 Western Mass., which hopefully we all share is
11 we do a lot on first impressions. If we like
12 something or if we like you for that instance
13 or a product that we're looking, we really like
14 it and we will come back time and time again.
15 If not we'll walk. We'll go someplace else.
16 It's just in our nature.

17 So, I think that's why when MGM has
18 their grand opening, it has to be grand. It
19 can't just be an opening. Because we will not
20 come back, other people will not come back.
21 And that's clearly important.

22 So, I just want to represent our
23 members. We're looking at the goods and
24 services. So, it's more than just MGM quite

1 frankly. It's a lot of those very small
2 businesses that I think will get them over the
3 tough years they've had. The Chamber has seen
4 the economy out there.

5 I think this is something that our
6 members can start to grow again after they've
7 been on this little hiatus. So, I guess I just
8 want to say I think the sustainability is the
9 important thing for our smaller members to be
10 able to count on. And I appreciate the time
11 you've given me and the due diligence that
12 you've paid to this issue as well as all of the
13 others in the past and would ask for your
14 consideration of these comments as you make
15 your decision. Thank you.

16 COMMISSIONER STEBBINS: Jeff, I have
17 a quick question. I'm not sure whether they're
18 members of yours, but two of the other bigger
19 attractions out in the region that generate a
20 lot of traffic on their own. You can see it as
21 you go up and down 91 during the summer, Six
22 Flags and the Big-E. Do you know from whether
23 they predict fall off in business because of
24 the viaduct reconstruction coming up?

1 MR. CIUFFREDA: They both are
2 thankfully members of ours. And I've worked
3 more closely with the Big-E than others.
4 They've told me at least they are comfortable.
5 Unfortunate as is good new bad news is this
6 project got delayed. I think they became
7 comfortable that they'll get through this
8 season. And they're hopeful that they will in
9 their brochures be able to put in the detours
10 or other routes to get there.

11 And I think perhaps in Mary Kay's
12 letter, she might address that that might be
13 helpful for many of the people that come their
14 way. But what concerns us I think concerns
15 them the most is if there is any other delay in
16 that and it's not in a brochure, the casual
17 traveler whatever that's coming up and down I-
18 91, will he or she be able to figure that out
19 as well.

20 But I think, Commissioner, they have
21 incorporated some of that thinking into their
22 work. The different with them is I think they
23 realize quite frankly, and I've told all
24 members, this is a project that has to take

1 place. There's no putting it off. I've parked
2 underneath one of the garages there. I see it
3 when I look up all of the time.

4 So, I think it's almost like they've
5 incorporated that this is a lesser of two
6 evils. If it's not done and that road
7 collapses completely then the entire Western
8 Mass. economy is going down.

9 So, they've reluctantly incorporated
10 a lot of that into the materials, I think.

11 COMMISSIONER STEBBINS: Thank you.

12 MR. MATHIS: If I can, because of
13 the length of this session, I'm going to spare
14 you the closing video. But we asked sort of a
15 man on the street that showed similar support
16 including from our immediate neighbor Red Rose
17 Pizza. The sentiment was disappointed but
18 understand and respect the decision that we're
19 making.

20 So, with that I think in closing
21 maybe give one last session to Jed, quickly
22 wrap up is the need for a decision. As we
23 planned this presentation, we went to the city
24 of Springfield and had a discussion, a

1 negotiation because they are impacted by the
2 decision. We have an agreement a tentative
3 agreement that we need to executed and need to
4 get approved by the city council. They've
5 properly said that as long as the Gaming
6 Commission is comfortable with this decision,
7 we are as well. We are ready to give you that
8 letter of support.

9 So, the longer that this issue hangs
10 out there, the more difficult it will be to get
11 that agreement through the process and
12 executed. And they're in the middle of a
13 political season as well.

14 So, we're looking forward to a real
15 date, a real date that you can hold us to and a
16 real date that Brian can hold his contractors
17 to. That's the sense of urgency around our
18 request. Jed?

19 MR. NOSAL: Thanks, I'll be very
20 brief. Amy, if we can go back to slide 10,
21 please.

22 So, we are back before you today
23 obviously as we've gone through to seek the
24 approval of a construction schedule. As you

1 see in slide 10 that's what we proposed. I
2 understand we are going to talk about other
3 schedules. I understand we are going to talk
4 about all other schedules that have been before
5 you today.

6 But nothing matters except for the
7 schedule that we proposed to you on June 25.
8 And that's because the Gaming Act, the
9 Commission's regulations and the conditions of
10 Blue Tarp's license contemplated that we would
11 actually be here today. And we propose a file
12 project schedule after the award of license and
13 based on the updated information regarding the
14 permitting and construction of the project.

15 Neither the Gaming Act, the
16 regulations or Blue Tarp's license conditions
17 set or proposed an opening date. In fact, the
18 Legislature could have stated in the law or you
19 could have imposed in your regulations you must
20 open no later than.

21 Instead they provided you with the
22 discretion and established a post-licensing
23 process to set this date. This process
24 recognizes the complexity of developing these

1 projects which represent some of the biggest
2 private construction projects certainly in
3 Western Mass. and Region A as well, and the
4 reality of building and developing in
5 Massachusetts.

6 We formally proposed an operation
7 date and a final project schedule for the first
8 time last month based on the best information
9 that we now have available. MGM's extensive
10 development of casino projects and the
11 expertise as well as the company's business
12 judgment and therefore at the end of the
13 presentation, I understand staff have some
14 additional information for you. We ask you
15 provide a vote and approval of the schedule as
16 proposed. Thank you.

17 COMMISSIONER MCHUGH: And you are
18 looking for an approval of the schedule that's
19 in the next slide?

20 MR. NOSAL: It's three parts. And I
21 think what the Commission's regulations approve
22 are contemplated under the construction and
23 monitoring regulations is that you are going to
24 approve a schedule that sets forth every phase

1 of construction.

2 Then it has specific requirements
3 then for us to propose a construction
4 completion date -- I'm sorry Commissioner. --
5 and then finally a commencement of operations
6 date.

7 COMMISSIONER MCHUGH: Okay. I
8 understand that. But where are all those
9 details?

10 MR. NOSAL: Those details were in
11 the submission for the Commission's
12 presentation on June 25. Those materials are
13 here.

14 You have the high level schedule
15 here, the level one schedule. And then the key
16 dates are contained in the next PowerPoint
17 slide. Those were provided originally in the
18 letter. And Commission staff has the more
19 detailed, which I think is 120 some odd page
20 schedule.

21 COMMISSIONER ZUNIGA: It's a prior
22 packet.

23 MR. ZIEMBA: Just there have been
24 some submissions after the June 25 date that

1 vary from June 25. Bill Perry could give a
2 little detail on that at that time of the
3 presentation, but I do believe that perhaps we
4 would not have him now given that Region C is
5 pending.

6 CHAIRMAN CROSBY: The real issue is
7 that you need approval or not of the September
8 opening date, right, September 2018 opening
9 date? That's the essence of it

10 MR. NOSAL: That's right. The other
11 feature I just want to mention is that
12 shouldn't be lost if we think through the
13 schedule is that the Commission's construction
14 and monitoring regulations absolutely
15 contemplate that this is going to be overseen,
16 I think, in a way that's not typical for
17 project construction. Embedded consultants
18 involved in the phases and quarterly updates at
19 all phases as well. So, that's another thing.
20 This project is going to be monitored in a way
21 I think that it's very specific.

22 COMMISSIONER MCHUGH: But if we
23 approve something today, I at least want to
24 know what we are proving. As Chairman Crosby

1 said, we could approve today a date that you
2 requested and then get into the details of the
3 construction schedule at a later time, right?

4 MR. ZIEMBA: That's true.

5 COMMISSIONER MCHUGH: And have
6 before us perhaps with the input of Pinck and
7 somebody else the more fine grain detail that
8 leads up to that date. There's nothing wrong
9 with that.

10 MR. MATHIS: That's correct. I
11 think the most important issue is that issue.
12 And the interim milestones we'd like to get
13 behind us because those are important.

14 COMMISSIONER MCHUGH: I understand
15 that but we could do that in a couple weeks.

16 MR. MATHIS: That's right.

17 CHAIRMAN CROSBY: Are you agreeing
18 with that Brian? You're looking uncertain.

19 MR. PACKER: Yes. That's what is
20 the main driver right now is that opening date.
21 So, if we get agreement on that then Pinck and
22 myself and Bill can work on the finite details
23 of what that next presentation looks like area
24 by area, building by building.

1 CHAIRMAN CROSBY: Basically, we need
2 to decide. Did anybody have comments,
3 questions?

4 COMMISSIONER ZUNIGA: Well, I'll
5 just say thank you for all of your comments.
6 It's clearly that you've put a lot of thought
7 into it.

8 I do find a few, not many, but a few
9 of the points you make not very persuasive.
10 However, I do think that the most persuasive
11 thing you've said is the date that you believe
12 in that you can deliver because you are the
13 ones who are going to be managing this project,
14 not us.

15 Although I can think of reasons to
16 think about an earlier, a midpoint, a wait and
17 see, it feels just from a financial standpoint
18 that there's a big opportunity cost here at
19 stake for the Commonwealth and for you as well.
20 If this is what it takes to get things going to
21 give you that certainty I would be willing to
22 go along with that September date.

23 COMMISSIONER MCHUGH: I agree with
24 Commissioner Zuniga. I ask those questions

1 about the carrying cost because I thought that
2 maybe if that was the main trigger, we could
3 think creatively about some way to ameliorate
4 that to get more people sharing that risk cost.

5 But after listening to all of the
6 other dependencies that are there, the tenants,
7 the employees, the small businesses in the area
8 that may need to ramp up, it seems to me that
9 even if it were reduced to an economic level,
10 an economic level so uncertain that you could
11 never really figure out how to ameliorate it.
12 So, I'm persuaded that as Commissioner Zuniga
13 has said that's the way we ought to go.

14 COMMISSIONER CAMERON: I believe I
15 am as well. What I hadn't considered was the
16 convention business, the small businesses, the
17 tenants. Those are additional factors that
18 many projects don't -- it's not part of their
19 makeup. So, I am persuaded as well that
20 there's a lot of risk. And I would be
21 persuaded as well to go with the September
22 date.

23 COMMISSIONER STEBBINS: I would just
24 echo that. Some of the things that you shared

1 with us as Commissioner Cameron just pointed
2 out about looking at the retailers you're
3 hoping to attract and how they can schedule
4 this into their long-term budgets, convention
5 meeting space are more sound arguments than
6 maybe your three examples pointed out. I
7 didn't really find those compelling at all.

8 But some of the things related to
9 your practical business experience and some of
10 the highlights you've touched on on some of the
11 outside interests, not all things within your
12 control, but some of the outside competing
13 business interests, I think make me amenable to
14 that date in '18 as well.

15 CHAIRMAN CROSBY: Intuitively, I
16 can't imagine that there isn't a way to work
17 around to figure out a way to retain some
18 flexibility, but I don't know anything about
19 this business. And I think at some people like
20 us have to decide whether or not we trust our
21 licensees to be talking straight with us.

22 And their assertions of common
23 interests are for real and there's not ulterior
24 motives. Our relationships with you folks have

1 been impressive. So, I too would go along with
2 the September.

3 So, do we have a motion Commissioner
4 Stebbins?

5 COMMISSIONER MCHUGH: I will defer
6 to the motion maker Mr. McHugh to lay this out
7 in more legal --

8 COMMISSIONER MCHUGH: I move that
9 the Commission approve the request of MGM
10 Springfield to set a date for opening of
11 September 5, 2018 or 30 days following
12 completion of the work on the I-91 viaduct
13 whichever is later.

14 CHAIRMAN CROSBY: Substantial
15 beneficial use or whatever the term is.

16 COMMISSIONER MCHUGH: Substitute
17 substantial beneficial use for completion.

18 MR. ZIEMBA: Full beneficial use.

19 COMMISSIONER MCHUGH: Full
20 beneficial use, okay. Should I restate that?
21 I don't know if I can.

22 MR. ZIEMBA: No, you are good.

23 COMMISSIONER CAMERON: Second.

24 CHAIRMAN CROSBY: Further

1 discussion?

2 COMMISSIONER ZUNIGA: Then we will
3 get staff and consultants and MGM to provide a
4 detailed version of that update at a later
5 time.

6 COMMISSIONER MCHUGH: I think we
7 need to, yes.

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

10 COMMISSIONER MCHUGH: Aye.

11 COMMISSIONER CAMERON: Aye.

12 COMMISSIONER ZUNIGA: Aye.

13 COMMISSIONER STEBBINS: Aye.

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

16 MR. MATHIS: Thank you very much.

17 CHAIRMAN CROSBY: Break a let folks.
18 It is now 1:30. We have Region C to go. We
19 could try to finish Region C or we could take a
20 break and do lunch. Do Region C? All right.
21 Then I need to take a brief break. So, we'll
22 take a five-minute break and then do Region C.

23 MR. ZIEMBA: Just the last
24 discussion, there is the memo included in the

1 packet, which is the HLT Advisory memo. I just
2 wanted to mention that that is a draft memo and
3 it was in many ways a representative rather
4 than a predictive model. As in very similar to
5 what we saw for each of the different examples
6 MGM brought to the table.

7 That isn't predicting the specific
8 dollar amount that could be lost. It was
9 representative. It could be overstated or
10 understated and it's in a draft form. Just so
11 no one gets a misimpression of that memo.

12 CHAIRMAN CROSBY: Okay. We will be
13 back very shortly.

14
15 (A recess was taken)

16
17 CHAIRMAN CROSBY: We are back at
18 about 1:35. We are on item 3(d) Ombudsman
19 Ziemba.

20 MR. ZIEMBA: Mr. Chairman and
21 Commissioners, included in your packet is a
22 memorandum regarding Region C. At the last
23 Commission meeting after the Commission's
24 withdrawal -- At the last Commission meeting,

1 after the withdrawal of KG Urban from Region C
2 and the Commission's acceptance of such
3 withdrawal, the Commission asked staff to have
4 a discussion with the applicant, the remaining
5 applicant Mass Gaming and Entertainment about
6 any issues or concerns they may have about the
7 status of Region C. We had Such discussions.

8 In the context of those discussions,
9 MG&E asked if it could address the Commission
10 and provide information about how it views
11 Region C. And how its experience has provided
12 it with a perspective on Region C that would be
13 useful for the Commission to hear.

14 We also discussed that it would be
15 useful to provide the Commission with an update
16 on how it is doing on significant portions of
17 its application. MG&E informed us that Mayor
18 Carpenter would also like to address the
19 Commission on Region C issues.

20 With that as a backdrop, we invited
21 MG&E and Mayor Carpenter to make presentations
22 today that will address Region C issues
23 specifically. However, the Commission's
24 licensing process is designed to solicit

1 extensive comments about the application and
2 the applicant from all those involved including
3 host community and surrounding community
4 hearings, and the opportunity to submit
5 comments to the Commission. Those
6 opportunities to receive comment are extremely
7 valued by the Commission.

8 I also just reference that there is
9 a memo regarding the status of the Region C
10 licensing process included in the packet.
11 Before that I'm going to turn it to Mr.
12 Donnelly who can introduce.

13 MR. DONNELLY: Thank you very much.
14 Thank you for having us here today. We thought
15 it was appropriate given the status of Region C
16 to come forward and present you with a snapshot
17 as to where we are right now. That's the
18 purpose of this.

19 With us today are the existing Mayor
20 Bill Carpenter is here. Former Mayor Jack
21 Units who is I think a five-term mayor is in
22 the background. Our partner George Carney who
23 I think everybody knows well. From Rush Street
24 is Neil Bluhm who is the Chairman of the Board

1 of Rush Street. And David Patent who is
2 President and Chief Operating Officer. Also
3 with us are Scott Strusiner and Ryan Tenner
4 (PHONETIC) who worked on this project
5 extensively.

6 So, with that, I will turn the
7 microphone over to Neil. And we have a brief
8 presentation for you as well on PowerPoint.

9 MR. BLUHM: Thank you, Mr. Chairman
10 and members of the Commission for giving us
11 this opportunity to tell you about ourselves
12 and why we think Region C will be a very
13 successful project and help the Commonwealth
14 and the city as well.

15 I'd like to start and give you a
16 little overview of what we'd like to tell you.
17 We'd like to tell you a little bit about myself
18 and Rush Gaming, our gaming company. And then
19 go through an analysis of Region C as to why we
20 are convinced that a Brockton casino will be so
21 successful and beneficial to the Commonwealth.
22 And then you'll also hear from the Mayor.

23 So, let me tell you a little bit
24 about myself and how I got into this business

1 because I don't think that we have had a chance
2 to talk to one another. So, this is our first
3 pleasure, if you will.

4 I grew up in Chicago. I was raised
5 by a single mother who raised my sister and me.
6 I went to school at the University of Illinois
7 undergrad. I'm an accountant. Then I went on
8 a scholarship to Northwestern Law School.
9 After graduating, I went to work for a large
10 law firm, Mayer, Brown and Platt, one of the
11 biggest in the city. I became a young partner,
12 but I always wanted to go into business.

13 So, I left in 1970 and joined my
14 roommate from college. And we started a real
15 estate company called JMB Realty. We started
16 with three people, the two of us. We didn't
17 have a dime to my name and we started from
18 scratch. And over the years, JMB grew to be
19 one of the leading owners and developers of
20 prime real estate in North America.

21 We've developed properties, high-end
22 properties, Four Seasons Hotels, major office
23 buildings and shopping centers, most of Century
24 City and a host of great properties. We have

1 developed or acquired in excess of \$50 billion
2 worth of real estate.

3 Looking at Boston, I've been
4 involved in two major projects and a bunch of
5 others in Boston. We provided the majority of
6 the equity and were the joint venture partner
7 with the Rouse Company in the development of
8 Faneuil Hall. At the time, that was a very
9 important project for Mayor Kevin White. There
10 was a lot of concern and criticisms about the
11 project, but I am happy to say that it got done
12 largely with our capital. You know better than
13 I, it's been a very successful project.

14 A few years later, we got involved
15 in the development of Copley Place. We
16 provided the majority of the equity for the
17 company that was planning the project, Urban
18 Investment. They started the development and
19 then before the development -- And we were
20 copartner. Before the development was
21 completed, we actually bought the entire
22 company Urban Investment. So, we became 100
23 percent owner of Copley Place.

24 And at the time, as you know, that

1 area was nothing like it is today. And it
2 proved to be a very successful development.
3 Subsequently, that was one of the shopping
4 malls that we put into a publicly traded REIT
5 of which I was cochairman. My partner,
6 original partner and partners were the largest
7 shareholders of that REIT. We owned somewhere
8 over 40 percent. That REIT was most one of the
9 most successful performing REITs on the New
10 York Stock Exchange called Urban Investment and
11 Development.

12 It was ultimately merged with
13 another REIT. Today, we still own a position
14 in it but we are not the managing partners.
15 That occurred as you know that property was
16 finished sometime I think in the early 80s.

17 So, we got into the real estate
18 business and we are very proud of what we did.
19 But then we got into the casino business. We
20 got involved in developing a project in Niagara
21 Falls, Canada, a casino, hotel, shopping center
22 for the province of Ontario. You'll hear a
23 little bit more about it. And that was
24 successful.

1 After that we decided to develop
2 casinos in the United States. We formed a
3 company called Rush Street Gaming, which is the
4 principle, the company behind the development
5 that we are proposing in Brockton.

6 I think it is important to
7 understand that we provide our own significant
8 capital for these projects. We are a privately
9 owned company. We don't have to do a deal
10 unless we think it makes sense both for us, the
11 city and the state. We are ready, willing and
12 able to do this project in Brockton as soon as
13 possible. We are convinced that it will be
14 highly successful.

15 So, at this point I'd like to turn
16 this over to David Patent to tell you about
17 Rush Street and a little bit of our projects
18 before we get into the second part of our
19 discussion.

20 David by the way, spent a lot of
21 time in Boston. He went to Harvard undergrad
22 and law school. So, he lived here while a
23 student for seven years. He then was an
24 executive -- he started out at the bottom with

1 ultimately a major gaming company and became an
2 executive there for about seven years. Then he
3 joined us six years ago as our chief operating
4 officer and president running the operations of
5 our casinos. So, David.

6 MR. PATENT: Thank you, Neil. Mr.
7 Chairman, members of the Commission, good
8 afternoon. And again, thank you for the taking
9 the time for us today.

10 In the context of Region C, I think
11 everybody understands how important it is both
12 to the Commission and the Commonwealth that you
13 have a high-quality project that's built by a
14 financially stable developer. That's what Rush
15 Street is and what we'll be doing in Region C.
16 And I think our record speaks to that.

17 So, very briefly we have built and
18 operate three casinos currently in the US. One
19 in Des Plaines, Illinois which is right outside
20 of Chicago near O'Hare airport. One in
21 Pittsburgh and one in Philadelphia that do over
22 a billion dollars in annual revenue.

23 All of our projects were developed
24 on time and on budget. And they have received

1 multiple Best Places to Work awards among many
2 other which I'll take you through very briefly
3 in a moment.

4 Additionally, we were selected at
5 the end of last year to build and operate the
6 only casino resort in the New York capital
7 region in what was a very competitive process
8 in the state of New York.

9 To Neil's point, we know how to get
10 things financed. We've done over 10
11 transaction in the last eight years raising
12 over \$3 billion in debt capital. That's in
13 addition to the substantial equity that we put
14 into our projects. We work with some of the
15 leading bank institutions that you can see on
16 this page.

17 And we are working very
18 progressively and well toward securing a senior
19 bank loan for our project in New York.
20 Everybody believes that that's going to be no
21 problem in getting that executed.

22 In the current climate, things are
23 actually okay. But you never know when the
24 economy, you never know when the financing is

1 going to turn against you. Historically, when
2 other developers have folded, we've persevered
3 and been able to be successful in developing
4 projects.

5 And two quick case studies I'll take
6 you through, the Rivers Casino in Pittsburgh
7 was originally developed by another developer
8 who lost the financing. The contractor walked
9 off the job. And the project just looked like
10 it wasn't going to happen.

11 We happen to know the contractor and
12 the gaming board came to Neil really and asked
13 if he could help rescue the project, which they
14 did, completed the project on time and on
15 budget.

16 Since then, we've paid almost \$1
17 billion to the state in gaming taxes, created
18 over 1700 quality jobs and are currently
19 planning hotel development expansion. We've
20 done some other expansion to that property
21 since opening as well. It's also been voted
22 the best casino resort in the entire state of
23 Pennsylvania for five years in a row. So,
24 pretty good success story there.

1 In Philadelphia originally there
2 were two licenses awarded for casinos back in
3 2007. We're the only one that got built. The
4 other licensee was not able to get financing
5 for their project. The great recession
6 happened. And we were actually the first
7 project finance since the great recession.
8 That was the Sugar House casino.

9 We had to do through litigation for
10 a couple of years, substantial neighborhood
11 opposition to the project which has now
12 evaporated now that the project is open. That
13 neighborhood is actually thriving. It's one of
14 highest -- had some of the highest increases in
15 rent and new businesses opening. We've got a
16 great relationship with our neighbors now.

17 Again, paid over a half billion
18 dollars in taxes to the state, created a lot of
19 jobs. And we are in the middle of a very
20 substantial expansion that we are having a
21 topping off ceremony, I believe, later this
22 month and plan to open by the end of the year.

23 Just to give you an example of what
24 our casinos look like a little bit. This is

1 The Rivers in Des Plaines. Incidentally, it is
2 the number one casino in Illinois. We do more
3 than twice the revenue than our nearest
4 competitor. And it's number one in terms of
5 revenue per position in the United States.

6 You'll notice that the casinos don't
7 all look the same. We really try to tailor
8 them to the local environment. And that's
9 exactly what we're going to be going in
10 Brockton as well. We've shared some renderings
11 with the public and gotten very positive
12 response.

13 The Rivers in Pittsburgh, very large
14 facility. Sits on the banks of the Ohio River.
15 That's a rendering of our project in
16 Schenectady. Then Neil alluded to the first
17 casino they developed, which has been the
18 number one casino resort in Canada for a number
19 of years near Niagara Falls. A very beautiful
20 development there as well.

21 I told you about some of the awards
22 we've won. We've won multiple Best Place to
23 Work awards at all of our casinos as well as a
24 number of best casino awards over the years, in

1 some cases four or five years running.

2 Our casino in Des Plaines is the
3 first LEED certified casino. And our project
4 in Boston will be similar. But I don't want to
5 overlook the importance, one of the big reasons
6 for casino expansion in Massachusetts. It's
7 not just about the tax revenues, but it's also
8 about the jobs.

9 And we have worked very hard in our
10 communities to find the people that need jobs
11 and provide those jobs. So for example, in
12 Philadelphia we worked really hard with the job
13 training organizations. In fact, 35 percent of
14 our workforce was unemployed prior to the
15 casino opening. We do partnerships with local
16 community colleges in order to find candidates.
17 We train our team members and then provide
18 ongoing training obviously after we open.

19 But we've done - I think we've
20 worked very hard and had some very good results
21 with respect to female team members, minority
22 team members. Actually, if you look at our
23 senior executives, our vice presidents and up,
24 nearly half are female and about a third are

1 minorities.

2 The local businesses that exist in
3 the cities that we operate, we have a great
4 relationship with them. We try to use local
5 vendors whenever possible. We do joint
6 marketing. And we've established very, very
7 strong relationships in Pittsburgh, Philly and
8 in Des Plaines as well.

9 Over and above what our commitments
10 are, we donate millions annually to local
11 charities. We've got a whole foundation that
12 we've established in Des Plaines that gives
13 scholarships to people. And our team members
14 are very active in the community as well. And
15 they have donated literally thousands of hours
16 of their time to be out there helping with
17 various projects that are important to the
18 community.

19 I'm going to now turn it back over
20 to Neil who is going to talk about why Region C
21 is so compelling.

22 MR. BLUHM: Thanks, Dave. I want to
23 spend some time really familiarizing you and us
24 with the analysis of the market and why we

1 believe Brockton and Region C will be
2 successful and most beneficial to the
3 Commonwealth.

4 I know some of you have asked
5 whether a casino in Region C can be successful
6 since New Bedford pulled out and couldn't get
7 financing. One of the issues was whether they
8 could survive if there also was another Indian
9 casino in Taunton. We are convinced that the
10 Brockton project will be successful if we do it
11 if we are the only casino. And it'll be
12 successful if there is an Indian casino in
13 Taunton.

14 We think it's important that we move
15 quickly in order to generate the tax revenue,
16 jobs for the Commonwealth. And as you will
17 hear later from the mayor, 75 percent of
18 Brockton residents are minorities. So, we'll
19 create about 1500 jobs, permanent jobs. And
20 many of those jobs obviously will go to the
21 people who need those jobs mostly in the city
22 of Brockton.

23 As you know, there's great
24 uncertainty about whether the Wampanoag Tribe

1 will ever get land in trust. And equally
2 important is the fact that if land were put
3 into trust by the Department of Interior, the
4 decision will almost certainly be challenged
5 with years of potential litigation, which will
6 likely cause the project to be delayed for many
7 years. And maybe ultimately never approved and
8 never opened.

9 So, let's look at some statistics
10 about the Brockton market and location, etc.
11 and the other facts, numbers as to why we think
12 this will be successful. And really compare it
13 to New Bedford. Even though they've pulled out,
14 I want to go through in detail the differences
15 between these two projects.

16 So on page 14 of your material, we
17 start out with a very important analysis that
18 we always look at, which is what is the adult
19 population and how does that compare to the
20 number of gaming positions in the given market.

21 So, we looked at all of these
22 different cities, particularly some in which we
23 operate in. What we found is that the Brockton
24 market will have more adults per gaming

1 position than any of these other markets. We
2 measured the market by looking at a roughly 60-
3 mile radius from the center.

4 So, this market where Brockton would
5 go is basically underpenetrated, much more so
6 than these other cities which are competitive
7 and many of which we operate in, certainly
8 Chicago, Pittsburgh and Philadelphia. We're
9 the only casino in each one of those cities.
10 The only one in Philly, the only one in
11 Pittsburgh and the only one in Cook County
12 where Chicago is located.

13 If you turn to page -- By the way, I
14 forgot to mention this is important. When we
15 look at the market, we assume that the number
16 of gaming positions in Brockton includes all of
17 the positions that would be ultimately built by
18 Wynn, Plainridge, Twin Rivers is operating
19 Newport and of course Brockton. So, we're
20 assuming all of the new competition and
21 factoring in the under-penetration of that
22 market.

23 CHAIRMAN CROSBY: Can I just ask a
24 question about that, Mr. Bluhm?

1 MR. BLUHM: Yes.

2 CHAIRMAN CROSBY: In Philadelphia,
3 for example, you are the only casino?

4 MR. BLUHM: In the city limits,
5 there are plenty of casinos in the suburbs.

6 CHAIRMAN CROSBY: In the 60-mile
7 radius it's only one?

8 MR. BLUHM: No. We are the only one
9 in the city of Philadelphia, the city limits,
10 but there are many other casinos in the
11 suburbs.

12 CHAIRMAN CROSBY: Within that
13 radius.

14 MR. BLUHM: That's correct. If you
15 look at page 15, I think this is also
16 important. This really compares us to New
17 Bedford. Really we did an analysis of how many
18 people are within a 30-minute ride drive time
19 and a 45-minute drive time. And the
20 differences frankly are staggering.

21 Brockton had 822,000 people within
22 30 minutes and New Bedford 195,000. We have
23 over four times more people. If you go 45
24 minutes, we have almost 2.5 million. They have

1 less than 900,000. We're almost three times
2 more people. So, you've got to have people to
3 be successful.

4 The inability of Brockton -- of New
5 Bedford to get something done is really
6 relevant to the ability of us to have a
7 successful casino.

8 Let's look at slide 16 for one
9 minute. Again, we're looking at Brockton and
10 New Bedford and Taunton. We are 17 miles north
11 of where an Indian tribal casino could be built
12 if it ever is built. That is very important,
13 because we will get business before they will
14 coming from the north where you have much more
15 population.

16 New Bedford was much further to the
17 south. And New Bedford, going south from New
18 Bedford, you just hit water. So, you really
19 can't compare their situation. I'm not here to
20 knock New Bedford. They're good people. But
21 they just didn't have the demographics to
22 support a project. That's why they weren't
23 able to get financing.

24 If we go to page 17, what we did is

1 -- Of course location, population and
2 accessibility are major factors. By the way, I
3 neglected to mention something. Our exact site
4 is approximately one mile off of Route 24. And
5 that drive is roughly the same drive that we
6 have in Des Plaines off of the big expressway
7 to our casino there, which generates as David
8 mentioned the highest win per position in all
9 of North America.

10 Any casinos, we do more per position
11 we believe than any other casino. It's
12 honestly considered one of the most if not the
13 most successful regional casinos in the
14 country.

15 If we look at Brockton's projected
16 revenues, what we did is we asked the
17 Innovation Group, which is one of the leading
18 firms in the business of analyzing projected
19 revenue for different locations.

20 In fact, if I'm not mistaken, the
21 Innovation Group actually invented the gravity
22 model as it relates to gaming projections. And
23 we asked them to run numbers for us. We asked
24 them to run numbers for what New Bedford would

1 have done. And both if there is no casino in
2 Taunton and if there were a casino in Taunton.

3 The basic numbers they came up with
4 and we agree with those is that we should do
5 slightly more than \$400 million of gaming
6 revenue in the first year of stabilization.
7 Their analysis of New Bedford was that they
8 would have done \$250 million. So, it's a
9 massive difference in revenue.

10 We then asked them to try to figure
11 out what everybody would do if there was a
12 second casino in Taunton. And the answer is
13 that we would do about \$330 million worth of
14 revenue. New Bedford, if there were two
15 casinos would do \$200 million. It's
16 interesting to note that we actually do more
17 with two casinos than they did with one casino.

18 COMMISSIONER MCHUGH: That takes
19 into account the fact that the Taunton casino
20 would be paying zero taxes?

21 MR. BLUHM: That's correct, that's
22 correct. Then we analyzed the cannibalization
23 -- By the way, let me mention something else
24 and that's the other factor on our financing.

1 If they did \$200 million of revenue and it cost
2 them \$650 million, it's not going to work. It
3 would be severe financial problems. In our
4 case, if we do 330 we'll be fine. Naturally,
5 we'd prefer to be the only one. We would do
6 better but we would still have a successful
7 casino.

8 Then we asked the Innovation Group
9 to analyze what impact our project will have on
10 the two other casinos, actually three included
11 MGM. As you can see from this chart on page
12 18, there is essentially no impact on the MGM
13 project.

14 But we said to them we want to know
15 what impact we're going to have on the Everett
16 Wynn project and on the Penn project in
17 Plainridge, because when we get to figure out
18 how much money you the Commonwealth is going to
19 make that's going to be factored into this
20 analysis.

21 So, in the case of the Wynn project,
22 they I think were fairly conservative in terms
23 of what Wynn was going to make standing alone
24 if you never have a project in Region C. They

1 came up with a number around I think it was
2 \$780 million, less than \$800 million. And if
3 we have a project in Brockton, the number will
4 still be slightly over \$700 million or a
5 decrease of just under 10 percent.

6 If you look at Penn, they projected
7 Penn would do I believe it was \$195 million of
8 revenue. If we opened up so that they are
9 competing with us, they would do about \$165
10 million. As you know, Penn is doing much
11 better than projected. So, the numbers are
12 conservative.

13 It is important to note two other
14 things. First, both of those casinos are
15 roughly 27 miles from us. So, they are not
16 next door. Everett Wynn is 27 miles. These
17 are driving miles. And Penn Plainridge is 27
18 miles. So, we're not right on top of them.

19 Also of course, both of those
20 projects assumed when they developed them and
21 bid on them that there'd be a project in zone
22 C. It wasn't like this is a surprise that
23 there would be a project in zone C. Obviously,
24 if we are not there and Taunton has a casino,

1 they'd have a competitor. And if there's none,
2 they'd be happier but the law said there's
3 supposed to be a project in zone C.

4 So, then we went to a very important
5 slide, I believe, which is 19, page 19. We
6 said taking into consideration the impact that
7 we are going to have on these markets -- And in
8 our business it's called cannibalization, if
9 you will. -- how much money is the Commonwealth
10 going to make under all of these different
11 scenarios factoring in our impact on the Wynn
12 Everett and the Plainridge project.

13 Under any scenario, the Commonwealth
14 makes more money with a casino in Brockton. If
15 we are the only casino, and you don't have a
16 tribal casino, the Commonwealth after
17 cannibalization will make \$71 million a year
18 more.

19 CHAIRMAN CROSBY: This is taking
20 into account all of the casinos?

21 MR. BLUHM: Yes, Sir. Taking into
22 consideration that's correct. What impact it
23 has on Plainridge and what impact it has on the
24 Wynn Everett. If Taunton only opened you'd

1 make \$31 million if you never allowed us to
2 open.

3 And if you had both Taunton and
4 Brockton together, the Commonwealth would make
5 \$37 million more. If you don't issue us a
6 license and Taunton never gets final approval,
7 obviously you make nothing.

8 I would also suggest to you that if
9 both of us opened, not only would you make more
10 money, you also would have twice as many jobs.

11 COMMISSIONER MCHUGH: I don't
12 understand something. The Taunton and Brockton
13 number is \$32 million.

14 MR. BLUHM: 37.

15 COMMISSIONER MCHUGH: That's about
16 \$160 million in gross gaming revenues, right?
17 It's 25 percent.

18 MR. BLUHM: No. Remember we and
19 Taunton together are open, Taunton pays no tax.

20 COMMISSIONER MCHUGH: So, all those
21 taxes are just you.

22 MR. BLUHM: So, it's just our tax
23 plus we have the reduction in revenue for the
24 Wynn project and the Plainridge project because

1 they make more money. This is net of
2 cannibalization.

3 COMMISISONER ZUNIGA: And it's all
4 incremental dollars.

5 MR. BLUHM: This is all incremental
6 dollars to the state. In addition, we will pay
7 an \$85 million dollar license fee. If you have
8 only a tribal casino they pay no license fee, I
9 believe.

10 So, the bottom line is this a much
11 better economic deal with far less risk because
12 you may never get a project if you just wait
13 for the possibility that they end up with land
14 trust which they may never get.

15 So, let me also say a few other
16 things. The key thing to us this time and
17 certainty, etc. It's important that we move
18 quickly. If we could move quickly, we could be
19 the first casino in this Commonwealth, full-
20 service casino up and running. As you know,
21 there are delays in the Wynn project in Everett
22 and MGM as well.

23 We believe if we could get a license
24 by the end of this year, we could be up and

1 running by either late spring or early summer
2 of 2018. We say that because we think it'll
3 take somewhere just under two and half years
4 after we receive our license to get rolling.

5 We are shovel ready to go. We don't
6 have any of the other issues that some of the
7 other casinos have that are planned and getting
8 ready to go. And we think that we can bring a
9 lot of jobs, economic development and tax
10 revenue if we get up and running by the summer
11 of 2018.

12 We would be adding \$85 million plus
13 if the other projects are still delayed, we
14 would be making roughly \$100 million a year.
15 That's \$400 million times 25 percent for the
16 Commonwealth during that period, which would be
17 a big help to the budget for the fiscal year
18 2019.

19 What we really ask of you is the
20 following: if you are satisfied with our
21 project, and that's your decision -- And we've
22 already approved as you know in terms of that
23 aspect, if you are satisfied with our project,
24 we would ask that you move quickly, and we will

1 do the same. And if for some reason the
2 Department of the Interior were to put a
3 license issue -- put the land in trust during
4 the next five months, we would like to know
5 that you are going to issue this license if we
6 meet your qualifications.

7 Because number one, ours is certain
8 and the tribal casino is very uncertain. And
9 as I went through all of the numbers, there is
10 economic benefit to the Commonwealth that is
11 very significant even if you were to have two
12 casinos, although we think the chances are not
13 that high necessarily that they will ultimately
14 get one.

15 But I don't know and neither do you
16 but there is a lot of risk. And we represent
17 the lowest risk. We are a proven successful
18 developer. And we wouldn't be putting up all
19 of this equity if we weren't convinced that
20 this would be a successful project.

21 So, that's our request here. In the
22 meantime, I would like us to -- Slide 21, you
23 can see the status and update on our RFA items.
24 If you have any questions we can have Scott

1 Strusiner, my partner, who is really running
2 the development of this, and former Mayor Jack
3 Units who is helping.

4 Now if you don't have any further
5 questions, I would like to ask the good Mayor
6 of Brockton, Mayor Carpenter, to tell you why
7 this is so important to the city of Brockton.

8 THE HON. BILL CARPENTER: Mr.
9 Chairman, members of the Commission thank you
10 very much for the opportunity to speak with you
11 here today. I am not in a position to present
12 the project to you.

13 What I would like to do is just
14 spend a few minutes sharing with my perspective
15 as the Mayor of Brockton as the host city as
16 what I perceive as both the direct and long-
17 term benefits to the residents of Brockton and
18 in fact the residents of the entire Metro South
19 region.

20 Some of these benefits are easy to
21 quantify, some not as easy. We are projecting
22 the revenue paid to the city of Brockton, total
23 money to the city of Brockton to be estimated
24 at about \$12 million a year. The host

1 community agreement has a \$10 million minimum
2 guarantee. And that number is exclusive of the
3 hotel/motel rooms taxes from the hotel that we
4 build, local meals taxes and the sale of water
5 and sewer to the complex of which Brockton has
6 excess capacity to sell both.

7 What would \$12 million a year in
8 revenue mean to the city of Brockton right now,
9 today? First, the biggest immediate impact
10 would be on public safety. It would allow us
11 to restore, not add, restore positions to our
12 police and fire departments that have been cut
13 in prior budgets.

14 It would allow us to invest in our
15 public school system. Brockton is a gateway
16 city. Our school system is a little different
17 than most in the Commonwealth. We are the
18 fourth largest school system in the state. And
19 while most school systems in the state, their
20 enrollment levels are declining, because we're
21 a gateway city we're actually growing at a net
22 gain of over 250 students per year. Our
23 enrollment is up over 1000 students in the past
24 four years.

1 And take just a minute to consider
2 who these children are that we serve in the
3 Brockton public schools. Over 80 percent of
4 our students qualify for a free or reduced
5 lunch. One-third of students are not yet
6 proficient in English. More than half of our
7 students go home to a household that does not
8 speak English as its first language.

9 And then throw into that mix, we
10 have approximately 500 students that are
11 classified as homeless. And a large part of
12 that is the fact that the state chooses to fill
13 three of our hotels with homeless families. We
14 embrace those children. And we are doing a
15 great job with them, but there is an expense
16 that is being borne by Brockton that's not
17 being shared by the region.

18 This current fiscal year, we faced
19 \$6 million deficit in our city budget. It
20 required tough decisions and painful cuts. And
21 when school opens in September, we'll have 70
22 some odd less teachers than we did last year.
23 We've had to lay off over 70 teachers this year
24 in a school system that's growing in

1 population.

2 If we had revenue from that \$12
3 million a year, we would be hiring teachers not
4 firing teachers. And we'd be able to reduce
5 our class sizes in a gateway city school
6 district with all of the challenges that I
7 outlined to you.

8 Brockton also faces crumbling
9 infrastructure. We had a water main burst a
10 few months ago you may have heard of. It
11 nearly crippled the city's water system. A
12 portion of this revenue would allow us -- And
13 we have no capital money in our budget I should
14 mention that. A portion of this money would
15 allow us to institute a 10-year payment
16 management system that would give us a chance
17 to begin rebuilding the roads in our city,
18 critical to our future development.

19 There's a lot more to this resort
20 casino. This resort casino brings a lot more
21 to the city though than just revenue. You've
22 heard about jobs, 1500 permanent jobs. In our
23 host community agreement, we negotiated a
24 residency preference in hiring.

1 So, we estimate that about 80
2 percent of those jobs will go to Brockton
3 residents that's 1200 Brockton families. Not
4 only does that change the lives of those 1200
5 families, but it changes the future of their
6 children.

7 And I think you have to also
8 recognize that with this Brockton proposal,
9 there is an economic justice issue here. We
10 are a minority majority city. And I'd like to
11 point out to the Commission that joining me
12 here today is the president of the Brockton
13 chapter of the NAACP, Steve Bernard in support
14 of this project.

15 Brockton's unemployment rate
16 averages about 50 percent higher than the
17 statewide average. As a gateway city, what
18 doesn't show up in the statistics is how many
19 people we have that are underemployed,
20 particularly in our immigrant communities.
21 Folks who are working hard but are working at
22 jobs far below their abilities.

23 What this does, and we've done our
24 due diligence as outlined on Rush Street

1 Gaming, we've looked at Pittsburgh. We've
2 looked at Des Plaines. This firm has a proven
3 track record of not just hiring women and
4 minorities but of promoting women and
5 minorities, creating opportunities to join the
6 company but even more importantly opportunities
7 to go up through the ranks of the company.
8 These are opportunities that many of our
9 residents are not being offered right now and
10 do not have available.

11 I think it's also important to note
12 that our host community agreement also provides
13 a local preference in purchasing. That this
14 resort casino besides just being the largest
15 taxpayer and one of the largest employers in
16 the region would also become one of the largest
17 customers in the region buying a lot of goods
18 and services. And that will dump millions of
19 dollars into the Brockton area economy.

20 And I should mention that in that
21 host community agreement, those preferences are
22 Brockton first but there is a secondary
23 preference to the communities in the Metro
24 South area, both in hiring in purchasing.

1 And we feel that that influx of
2 purchasing by a resort casino would really help
3 prime the pump for the Brockton economic
4 revitalization. And I think that anyone in the
5 region would tell you that we are a regional
6 economy. And as Brockton goes, the Metro South
7 economy goes.

8 There's also an opportunity here,
9 and the developers are now working with the
10 city planners and economic development people,
11 to develop an entertainment district in the
12 proximity of the site of the proposed resort
13 casino.

14 So, we would not be looking at just
15 a resort casino on an island, but actually
16 extending immediately that economic development
17 into the surrounding areas and bringing more
18 people into the city of Brockton and
19 particularly folks with discretionary income.

20 And I think perhaps the largest
21 benefit is probably the least tangible and
22 that's what this resort casino would do for
23 helping us to transform the perception of the
24 city of Brockton. It's one of our biggest

1 challenges in revitalizing our city.

2 And for a lot of folks for the first
3 time they would be making plans to come to
4 Brockton. People from outside the city in the
5 region making plans to come to the city of
6 Brockton for a positive experience. That
7 someone would say let's go to Brockton tonight
8 and grab some dinner and do a little gambling
9 and maybe stay overnight in the hotel. It
10 would be nice to have a hotel that's not being
11 used by the Commonwealth for emergency housing.

12 So, I think that perhaps -- is
13 perhaps the biggest benefit in helping Brockton
14 transform into a leading 21st-century city.
15 And that is the Brockton changes from a city to
16 drive through to a city to drive to. And that
17 will be transformational for Brockton in the
18 next decades to come.

19 So, I would just respectfully ask
20 the Commission to stay the course and proceed
21 with the licensing process as per your
22 schedule. Thank you. Thank you for the
23 opportunity.

24 CHAIRMAN CROSBY: Thank you folks.

1 Any questions or comments?

2 COMMISSIONER CAMERON: I think we'll
3 have proper opportunities and hearings and
4 presentations for lots of questions. But thank
5 you this was informative.

6 COMMISSIONER MCHUGH: Yes. It was a
7 good overview and a lot to chew on here. Thank
8 you very much.

9 CHAIRMAN CROSBY: John do you want
10 to do the summary of your staff recommendation.

11 MR. ZIEMBA: Sure. So, Mr.
12 Chairman, Counsel Blue and I provided a
13 recommendation to the Commission on the
14 continuation on the Region C licensing process
15 from a procedural standpoint.

16 We noted that Region B provides
17 precedent to the Commission with only one
18 remaining applicant. The Region C applicant is
19 very similar to the Region B applicant after
20 Mohegan Sun's departure after the referendum
21 loss in Palmer. The Commission continued its
22 very thorough review of the MGM application,
23 which culminated obviously in the determination
24 that MGM would receive the Region B license.

1 Consistent with what Commissioner
2 Cameron just mentioned, I just wanted to
3 reiterate that under our licensing process, the
4 applicant makes presentation about its
5 application shortly after the September 30
6 application deadline. In addition, the
7 Commission will host at least one host
8 community hearing. It will also hear from
9 surrounding communities at a surrounding
10 community hearing. And the Commission will
11 review comments submitted by interested parties
12 and will assemble evaluation teams to evaluate
13 the application.

14 So, receipt of comments is at the
15 center of our licensing process. Although
16 there is now only one applicant, many of the
17 details of the MG&E proposal were made
18 available while they're still application in
19 the region. This included details -

20 CHAIRMAN CROSBY: -- while there was
21 still competition in the region.

22 MR. ZIEMBA: -- while there was
23 still competition in the region. This included
24 much of the detail that was released during the

1 host community referendum. And it also
2 included significant details that were made
3 available pursuant to the MEPA process in its
4 ENF -- MG&E received its ENF certificate on 10
5 July.

6 Although MG&E is now the only
7 applicant in Region C, it understands it will
8 be evaluated in the context of the proposals
9 that have been successful to date. MG&E has
10 reported that it has evaluated these other
11 applications.

12 And as the Commission has stated
13 many times since it first determined to open
14 competition in Region C, the Commission will
15 only issue a license if it is beneficial to the
16 Commonwealth after evaluating the totality of
17 the economic circumstances including tribal
18 status as they exist at the time of licensing
19 the decision.

20 We also note the Commission has the
21 ability to make adjustments to its licensing
22 process as circumstances warrant. For example,
23 in the past, the Commission has given
24 communities and applicants significant time

1 after the application deadline to enable them
2 to reach surrounding community agreements.

3 And then finally, any license issued
4 will include conditions specific to this
5 applicant. These conditions will be further
6 reviewed and amended as warranted following the
7 conclusion of the project's MEPA review.

8 And for those reasons, Counsel Blue
9 and I recommend the continuation of the Region
10 C licensing process.

11 CHAIRMAN CROSBY: Okay. I don't
12 think we need to have any votes unless we're
13 going to change position. Is there a consensus
14 to proceed?

15 COMMISSIONER CAMERON: Yes.

16 COMMISSIONER MCHUGH: I think we
17 said all along, this goes all the way back to
18 the beginning that really we were going to deal
19 with Region C in the way we dealt with others.
20 And we were going to look at the economic
21 viability of each proposal based on its own
22 facts and based on a granular review of the
23 components of the economic projections.

24 We've been saying that I think from

1 the beginning. And it seems to me Mr. Ziembra
2 just reiterated that here in point number four.
3 Part of the review is to take a hard close look
4 at the economic viability and the other
5 benefits and determine whether or not it's an
6 overall benefit to the Commonwealth. And then
7 make a licensing decision. So, deal with that
8 this way in Region C the way we've dealt with
9 the same issues elsewhere.

10 CHAIRMAN CROSBY: Anybody else?

11 COMMISSIONER ZUNIGA: I agree. The
12 real time and mechanism to do that is the
13 completion of the RFA-2 when all of the
14 questions get answered in detail, where all of
15 our consultants and staff and our self look
16 closely at all of those figures, numbers and
17 projections, etc.

18 So, I don't see why we would change
19 anything at this point, but staying with the
20 schedule that we have.

21 COMMISSIONER CAMERON: And we have
22 taken some interim steps, right? We haven't
23 been tone deaf. We've listened and we reached
24 out to HLT a couple of months ago to take a

1 look to make sure their projections still held.
2 And that they did at that time. So, I agree
3 that this is the way to proceed.

4 CHAIRMAN CROSBY: Commissioner
5 Stebbins?

6 COMMISSIONER STEBBINS: No
7 objection. I think we talked all along how
8 this was going to be somewhat of a challenge.
9 It got a late start. But I think we owe it to
10 the residents of the communities in Region C to
11 fully vet this applicant on the timetable that
12 we've laid out.

13 CHAIRMAN CROSBY: I agree. This has
14 been said, but just to be absolutely clear
15 about it, we've never said that we will issue a
16 license in Region C. What we have said is we
17 don't want to make that decision until we find
18 out what the commercial market has to offer us.

19 So, I think we will -- I agree. I
20 think we will complete the commercial market
21 process. And then we will see what we've got.
22 And we will then make a decision if we do have
23 a good applicant whether or not to make the
24 award.

1 But I agree that we should stick
2 with the process that we're on.

3 COMMISSIONER CAMERON: Mr. Chairman,
4 we've actually said that in every region that
5 we are under no obligation to issue that
6 license unless the project was beneficial to
7 the Commonwealth.

8 CHAIRMAN CROSBY: Right.

9 COMMISSIONER MCHUGH: Look at the
10 record of what we did in A. We went deeply
11 into the financial projections and all that
12 there. So, it's the same process.

13 CHAIRMAN CROSBY: Right. Okay. So,
14 I guess we are moving ahead. Thank you folks.
15 Appreciate you coming.

16 Do you want to get those two little
17 things out of the way or do we wait on
18 everything until after lunch? You had (d) and
19 (e) that you wanted to wait until lunch?

20 MS. BLUE: Well, Loretta is here if
21 you want to do it.

22 MR. CHAIRMAN: Is this the
23 Somerville? Somerville is postponed, right?
24 3(e) has been postponed, has been removed from

1 the agenda. But we were going to put the legal
2 division after we do Suffolk Downs, but we --

3 COMMISSIONER MCHUGH: We are still
4 in session here, ladies and gentlemen.

5 MS. LILLIOS: The first one is a
6 request for a delegation of authority to the
7 Director of IEB to issue gaming vendor
8 secondary licenses.

9 Currently, the IEB's recommendation
10 for issuance of a license would come to the
11 Commission as a recommendation for issuance.
12 And the Commission would review the application
13 materials and vote to issue a license. There
14 already are a significant number of vendor
15 secondaries in the licensing processing and
16 undergoing the background investigation
17 process. That number is expected to increase
18 and has been increasing week by week and is
19 expected to continue to increase.

20 So, the request now is for the
21 Director of IEB in her discretion to be
22 authorized to issue the vendor secondary
23 licenses. And if allowed, we would maintain
24 the same level of thorough background

1 investigation and would maintain appropriate
2 internal documentation of the investigatory
3 process. It would allow the licenses to issue
4 upon completion of the investigation rather
5 than to work within the Commission's scheduling
6 process.

7 We have reached out to a number of
8 the vendors, not for a comprehensive
9 discussion, but those that we have spoken with
10 are supportive of the idea. Because even if
11 the recommendation would be to issue, they
12 would feel that they would want to come before
13 the Commission if they came before the
14 Commission which is an inconvenience to them.

15 The request is for the discretionary
16 authority to go to the Director. If for
17 example, the investigation were inconclusive or
18 there was any policy type issues, the matter
19 would come before the Commission rather than to
20 the Director.

21 CHAIRMAN CROSBY: And there would be
22 a regular reporting basis back to us.

23 MS. LILLIOS: Part of the written
24 request would be there would be a regular

1 reporting in the same manner that's done now
2 for the delegation for the temporary licenses.

3 CHAIRMAN CROSBY: Any discussion?

4 COMMISSIONER CAMERON: I think it's
5 an appropriate request. It keeps the process
6 moving. I know personally I've been pleased
7 with the level of appropriate investigation,
8 the findings, the recommendations that come
9 from the team.

10 So, I'm very comfortable with
11 delegating that authority.

12 COMMISSIONER STEBBINS: The gaming
13 vendors that we're talking about have
14 essentially already come through our front door
15 at the initial levels. So, they are getting
16 some screening and review already prior to
17 elevating their status.

18 MS. LILLIOS: That's right. For the
19 most part, these are coming through the door as
20 non-gaming vendor registrants who are reaching
21 dollar thresholds with the gaming licensee.

22 COMMISSIONER ZUNIGA: I'll go along
23 with that recommendation. I think we've done
24 that in the past. I think it provides for an

1 expeditious, more expeditious, if you will,
2 efficiencies.

3 I do want to mention one thing,
4 which is over the course of delegating these
5 kind of authority, we're not unnecessarily
6 giving direction, in my opinion, as to that
7 balance between the investigatory process and
8 the other very worthy goal of economic
9 development. And I do want to mention that
10 here put that on the record.

11 And the investigations could be
12 taken to a point if you're only coming from the
13 investigatory side that starts to erode the
14 other very worthy goal of giving an opportunity
15 to the small business that may have never done
16 this type of scrutiny before and issue an
17 opportunity to build capacity and things like
18 that.

19 So, at any instance where that
20 becomes a question, as you mention, and policy
21 matters, I would strongly encourage you to come
22 back to this body of course or anyone of us or
23 Counsel Blue or etc. for guidance, policy
24 pronouncements, whatever we could do to make

1 sure that there's a balance implicit in all of
2 this and that that is another very worthy goal.

3 I did want to mention it especially
4 here with the secondary vendors because these
5 companies, I guess, businesses that have almost
6 by definition never been licensed before.
7 They're nongaming vendors. They have not been
8 exposed to the level of scrutiny that we do
9 primary vendors or gaming vendors. And I think
10 that's a very important goal of the Commission.

11 MS. LILLIOS: Understood. It is
12 certainly an area that the IEB has been in
13 dialogue ongoing. And understood opportunity
14 to continue that sort of conversation with the
15 Commission as a parallel to the delegation.

16 COMMISSIONER STEBBINS: I would just
17 echo Commissioner Zuniga's comments. I think
18 when we saw with the opening of -- you talk to
19 the folks down at Plainridge, they still
20 encounter vendors who were reluctant to enter
21 the licensing process. And it's something
22 through a contract with the chamber we're
23 trying to work through and bring some people
24 back to the table to show them that licensing

1 isn't so scary.

2 But I think it's something for us to
3 be mindful of. I think as we move ahead and we
4 look at some of these bigger projects, there's
5 going to be some other policy questions
6 relative to licensing and our license vendor
7 list and things like that that we need to be
8 mindful of also.

9 COMMISSIONER ZUNIGA: We know
10 anecdotally that if it becomes very onerous to
11 be licensed, there could be sort of this very
12 small group of companies that benefit from
13 purchases of a casino because casinos will go
14 to the one that's previously licensed. But
15 I've made my point.

16 CHAIRMAN CROSBY: Do we need a vote?

17 MS. BLUE: Yes.

18 COMMISSIONER STEBBINS: Mr.
19 Chairman, because it's written out for us, I'd
20 delegate to the Director of IEB in this case in
21 his or discretion the authority to issue gaming
22 vendor secondary licenses under 205 CMR
23 134.09(1)(c).

24 CHAIRMAN CROSBY: Second?

1 COMMISSIONER MCHUGH: Second.

2 CHAIRMAN CROSBY: Any further
3 discussion?

4 COMMISSIONER ZUNIGA: Aye. I'm
5 sorry. It must be time for lunch.

6 CHAIRMAN CROSBY: 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.

13 MS. LILLIOS: Thank you. And the
14 other very brief matter from the IEB is the
15 regular reporting of the licenses issued to the
16 key gaming employees. There were two issued
17 since the last reporting to a security shift
18 manager and to a security shift supervisor.
19 And those names are listed in your packets.

20 CHAIRMAN CROSBY: Thank you, very
21 much. Apologies to all for the time. We will
22 adjourn until 3:00 at which point we will
23 undertake the Racing Division agenda item.

24

1 (A recess was taken)

2

3 CHAIRMAN CROSBY: We will reconvene
4 the 160th meeting at about 3:00. We will go to
5 item 5 on the agenda, which is Racing Division,
6 Dr. Lightbaum.

7 DR. LIGHTBAUM: Good afternoon, Mr.
8 Chairman.

9 MR. CHAIRMAN: Just for the record,
10 by the way, my apologies to the folks from the
11 horse racing industry who have been here. We
12 are running late. I know a lot of you are here
13 on your own time. We appreciate your patience.
14 And sorry that we're running late.

15 DR. LIGHTBAUM: Good afternoon, Mr.
16 Chairman and Commissioners. On July 29
17 Commissioner Cameron I had conference call with
18 Tim Ritvo who is the COO Stronach Group and
19 Bill Lagorio.

20 Mr. Ritvo stated that the Stronach
21 Group was definitely interested in leasing
22 Suffolk Downs facility and felt that a 40-day
23 race meet was possible with the revenues that
24 he has seen. He felt that if they had the

1 right lease agreement maybe they could do a
2 two-year deal for 2015 and 2016 but he did say
3 that it would probably be very difficult to get
4 a 2015 meet together now.

5 He had stated that he had also
6 spoken to the NEHBPA and they did not appear
7 that interested. And that he has also had
8 conversations with Chip Tuttle, COO of Suffolk
9 Downs. He was interested in signing a
10 nondisclosure agreement with Suffolk Downs so
11 they could review the expenses and further
12 their talks.

13 CHAIRMAN CROSBY: That's happening?

14 DR. LIGHTBAUM: I don't believe
15 they've gone any further since then.

16 CHAIRMAN CROSBY: But they did sign
17 a nondisclosure, is that what you said?

18 DR. LIGHTBAUM: No, they haven't. I
19 think they were waiting to maybe see the
20 outcome of today's hearing. And Commissioner
21 Cameron may wish to add --

22 CHAIRMAN CROSBY: Chip, if you would
23 come up and have a seat.

24 CHAIRMAN CROSBY: I'm sorry I

1 interrupted you in your last sentence.

2 DR. LIGHTBAUM: No problem.

3 CHAIRMAN CROSBY: I just missed your
4 last sentence.

5 DR. LIGHTBAUM: Commissioner Cameron
6 may add.

7 COMMISSIONER CAMERON: Dr. Lightbaum
8 asked me to join her on a call this week. And
9 I thought it was important to get first-hand
10 information about possibilities.

11 As everyone knows we are trying to
12 balance all of the interests here. And
13 certainly a longer meet is something that our
14 local horsemen are very interested in. And if
15 there was a possibility of that that hadn't
16 been explored yet, we thought that a two-week
17 period in order to explore that made some
18 sense.

19 It was a productive call. Mr. Tim
20 Ritvo is certainly passionate about racing,
21 passionate about the possibilities here in the
22 Commonwealth, but the important piece that I
23 took away was that that was nearly impossible
24 for this year. And we're in August as it is.

1 That was the piece of the
2 conversation that I was looking to have some
3 information of what was possible for this year
4 before we move forward with the pending license
5 application.

6 That was the extent of that call
7 really just some possibilities for next year
8 and the year after. But this year really is
9 not something that they thought was possible.

10 CHAIRMAN CROSBY: Okay.

11 COMMISSIONER CAMERON: Anything else
12 Doctor?

13 DR. LIGHTBAUM: Not on that
14 discussion.

15 COMMISSIONER STEBBINS: Just as a
16 refresher because of the delays, what are the
17 three dates that we're considering? Can you
18 just reiterate those?

19 DR. LIGHTBAUM: Chip may be able to
20 answer that off the top of his head.

21 MR. TUTTLE: September 5, October 3,
22 October 31.

23 DR. LIGHTBAUM: Thank you.

24 CHAIRMAN CROSBY: So, we are back to

1 where we were two weeks ago, which is to decide
2 whether or not to approve the application for
3 three-day meet. Where are we on that?

4 COMMISSIONER ZUNIGA: Is this an all
5 or nothing approval? I guess I've been
6 thinking about the numbers that are being
7 requested from the Horse Race Development Fund
8 of which we are the trustees to go to purses.

9 And I wonder if there's any way for
10 us to decide whether those numbers should be
11 looked at or approved partially or have to be
12 approved in totality with the application.

13 MS. BLUE: There are three
14 components to the number that's been provided.
15 The first is the purse component. Then there
16 is a component for what we will call admin. and
17 operating expenses, but they have been
18 delineated in the most recent letter that's in
19 your packet.

20 I think you have the ability to
21 review each of those pieces. I think you have
22 the ability to approve what you think is an
23 appropriate number. When the Race Horse
24 Development Fund was founded, it assumed that

1 there would be a full racing season and then
2 that full percentage would go. But this is not
3 a full racing season and it's unique.

4 So, I think that you do have the
5 ability to review that and make a determination
6 on each of piece.

7 COMMISSIONER ZUNIGA: Because I was
8 thinking about that principle from the Gaming
9 Act. There were all these figures that flow
10 into the fund based on projections that as it
11 turns out we're seeing being realized with the
12 operations of the Plainridge Park Casino.

13 And I made a calculation here that
14 I'd be interested in telling my colleagues but
15 may not come as a surprise that the subsidy
16 being requested for purses is four times or
17 five times, depending on how you measure it,
18 what was envisioned from the Gaming Act when
19 this subsidy as a whole was put in place in
20 exchange for anywhere between 100 and 125 days
21 of racing.

22 Which it strikes me as even though
23 it's only three days, those rates come at a
24 very, at a four to five time more expensive

1 rate than would have otherwise been. I can go
2 through that calculation if you are interested.

3 COMMISSIONER MCHUGH: I don't
4 understand that.

5 COMMISSIONER ZUNIGA: So, when the
6 Legislature passed the Gaming Act, there's
7 these funds that go directly to the fund. Nine
8 percent of the Category 2 and subsequently the
9 Category 1's start to kick in. If you quantify
10 the projections -- If you quantify those
11 numbers on the projections, there is about \$18-
12 \$20 million going into the fund for all
13 purposes of the Race Horse Development Fund
14 yearly.

15 When the Category 1 casinos come in,
16 the nine percent has an impact but it's
17 supplemented by the Category 1's. So, my read
18 is that that was obviously what the Legislature
19 intended in terms of supporting horseracing,
20 which is pretty stable as I can cross reference
21 to the projections, \$18-\$20 million.

22 So, if we take those \$18-\$20 million
23 a year and affect those by 75/25 which is what
24 the Horse Racing Committee agreed on on the

1 split of thoroughbred and standardbred. And if
2 you further take 80 percent of the figure
3 because 80 percent goes to purses versus the
4 others that go to breeders and the benevolent
5 purposes, we end up with a pretty reasonably
6 stable number of about \$10-\$12 million a year
7 for purse accounts for thoroughbred racing.

8 When the Gaming Act was passed that
9 funding came with a requirement which was and
10 it still is there would be 100 escalating up to
11 125 days of racing.

12 So, I'm suggesting that it's fair to
13 assume if we divide the \$12 million divided by
14 the 100 days, \$10-\$12 million, there was about
15 \$100,000 per race day implicit in all of the
16 projections and legislative monies that came to
17 this fund.

18 CHAIRMAN CROSBY: Right. I think
19 we've all sort of known the Race Horse
20 Development Fund when mature would essentially
21 double the amount of money for purses that's
22 been there in the past, which is about 100,000
23 plus another 100,00 more or less, right?

24 MR. TUTTLE: Mr. Chairman,

1 Commissioner Zuniga I would point out two
2 things about that. One, the money that's
3 flowing into the Race Horse Development Fund
4 independent of who is awarded the gaming
5 license, which entity was awarded the gaming
6 license that presumption of 105, 115, 125 days
7 was if gaming occurred on the property which
8 obviously is not happening at Suffolk Downs.

9 So, that was a presumption. And if
10 you think that was what the Legislature
11 intended, I'm happy to go there but I don't
12 think that that's the circumstance we're
13 looking at right now.

14 COMMISSIONER MCHUGH: I understand
15 now your analysis. And I looked at the
16 circumstance that we're looking at right now,
17 did the same kind of analysis with 50 days,
18 which is what the current statute talks about.

19 CHAIRMAN CROSBY: 1 to 50.

20 COMMISSIONER MCHUGH: Pardon me?

21 CHAIRMAN CROSBY: 1 to 50.

22 COMMISSIONER MCHUGH: 1 to 50,
23 maximum of 50. And if you look at that and
24 look at how much money is projected to be in

1 that fund by the end of FY16, you're talking
2 about the potential for \$325,000 a day. And if
3 you take out what is being sought now that
4 brings it down to around \$300,000 a day if you
5 had a 50-day race meet next year before the end
6 of FY16 which is unlikely. So, they'll be more
7 money there later.

8 So, I understand what your
9 projections are, but the Legislature changed
10 things when they changed the statute after we
11 made our licensing decision. So, I guess where
12 I come out is wondering why for this year at
13 least, without giving up trying to get a more
14 robust racing schedule for next year in some
15 fashion, why the three-day proposition doesn't
16 make sense?

17 If I could just finish that. I'm
18 not sure that all three segments of the request
19 make sense, but why the principle of the three-
20 day -- I'm wondering why the principle of the
21 three-day doesn't make sense.

22 COMMISSIONER CAMERON: What I think
23 is that it's unfortunate that there's not a
24 consensus. And there is not clearly, but

1 having said that this is the one proposal we do
2 have on the table. We've given time to explore
3 other proposals. We've given opportunities to
4 others to come forward with a longer meet if
5 that was possible.

6 But I'm clear now that that is not
7 possible for this year. And I'm inclined to
8 agree with our Racing Director's recommendation
9 that if this is the only proposal that we
10 should grant it. And I know that there are
11 many people unhappy about that but having said
12 that this is the only opportunity. And it does
13 have the support of the local elected
14 officials.

15 I know that there others that are
16 looking to form groups. And within this group
17 there is great dissension, but the leadership
18 team is supportive of this. And they are the
19 recognized entity here. And that is meaningful
20 as well as the breeders. This does provide
21 opportunity to the breeders to get their races
22 and an opportunity to earn the dollars that
23 there is money set aside for.

24 So, I'm inclined to agree we're at

1 this stage right now where this is our one
2 proposal to race in the Commonwealth. And
3 having no other opportunity for more days,
4 which certainly would benefit lots more people,
5 then I'm inclined to agree and support our
6 Racing Director's recommendation.

7 COMMISSIONER STEBBINS: I echo that.
8 And I also echo a separate conversation have
9 about the actual request from the Race Horse
10 Development Fund and the components of that
11 request.

12 I'm encouraged by what has been
13 conveyed to us as the results of your
14 conversations with the Stronach Group. We are
15 coming up on another deadline for racing
16 applications even before two of these meets I
17 think are even conducted.

18 I hope we'll talk about it after we
19 make a decision on these issues, maybe making
20 this Commission a little more incumbent upon us
21 to begin to set out what our expectations are
22 going forward with the applications for next
23 year.

24 It wasn't really discussed as we

1 entertained the applications for this year. We
2 were encouraging the horsemen to go away and
3 come to some type of agreement with Suffolk
4 Downs on some type of racing season. As
5 Commissioner Cameron said, this is the only
6 proposal in front of us. It is one attempting
7 to mirror racing in other jurisdictions.

8 CHAIRMAN CROSBY: Hold on a second.
9 Excuse me. Does the audio work? Any idea how
10 long this will be? Are you looking for a time
11 estimate or are you trying to fix it? We need
12 a wild guess time estimate. I hate to make
13 everybody wait, but I'm sure there are people
14 watching this who want to see what's going on.
15 So, let's give it five minutes. If not we'll
16 go on without it. Sorry everybody.

17
18 (Off the record)

19
20 CHAIRMAN CROSBY: We do have a
21 recording, right? Let's just fix it as fast as
22 we can. We are back to wherever we were. I
23 think Commissioner Stebbins.

24 COMMISSIONER STEBBINS: I was just

1 about done, luckily for everybody. I
2 appreciate the fact that there isn't 100
3 percent agreement on this three-day plan. I
4 hope we'll take some careful consideration in
5 terms of setting our expectations as to what we
6 expect out of a 2016 plan.

7 Maybe it's one that involves the
8 Stronach Group. And we'll see how this three-
9 day run meets. See if it mirrors the success
10 they've had in other jurisdictions when they've
11 done this. But I'm amenable to the three-day
12 request and want to have a subsequent
13 conversation as to the request from the Race
14 Horse Development Fund.

15 COMMISSIONER ZUNIGA: Can I mention,
16 I think the timing here is obviously very tight
17 and everything, but I think regardless of what
18 happens here, we really need to engage with the
19 Legislature here it occurs to me.

20 Because what we have with us here on
21 the heels of the licensing decision and the
22 2015 legislation relative to the signal and the
23 race days, etc., it took me a while to
24 understand all of the dynamics of horseracing.

1 I can only imagine people at the Legislature to
2 have a similar struggle is my guess. And how
3 things changed as a result of what used to be
4 practices of awarding a signal in return for a
5 number of race days and left to the
6 stakeholders the purse agreement decisions,
7 etc.

8 So, as we think of the next year,
9 needless to say, and this 2015 piece of
10 legislation expiring halfway through it, I
11 think there is enough time to at least start
12 engaging as to what expectations up at the
13 Legislature may be relative to plans beyond
14 that. There is really by some measures little
15 time to get to whatever is going to carry after
16 July 2016.

17 COMMISSIONER CAMERON: I do have one
18 concern if we approve this, which we haven't
19 voted yet obviously. But Mr. Tuttle, we've
20 always had the professional relationships with
21 you and Suffolk as a licensee. I have concerns
22 about continuing that. I have concerns about
23 your consultants, your staff in treating this
24 Commission and our staff in a professional

1 manner. I think you know what I'm referring
2 to. And I would expect you if in fact we move
3 forward to make sure that that would be the
4 case moving forward.

5 MR. TUTTLE: I understand. Thank
6 you.

7 CHAIRMAN CROSBY: And I pretty much
8 agree. I think we all feel strongly that if
9 there's any chance of a longer meet in 2016, we
10 want every opportunity to have that fleshed
11 out. We understand that it involves the
12 economics of Suffolk Downs.

13 We notice the lights were out. Now
14 we're back. Somebody with the glasses back
15 there leaning against the light fixtures.

16 It appears to me at least that
17 whether there is a viable opportunity for a
18 longer meet and it does include -- a major
19 consideration is the simulcasting that involves
20 conflicting financial interests. It's tough.
21 Those negotiations and discussions have to go
22 on.

23 The Legislature did give us the
24 right to grant or not grant the simulcast

1 right. And I think we need put ourselves in a
2 position for 2016 so that the simulcast rights
3 can be in play as part of the negotiation or as
4 part of the brainstorming, strategizing,
5 negotiation about seeing whether we can come up
6 with a viable thoroughbred horseracing
7 industry.

8 And I will help make sure that we
9 try to tee this up soon enough that we can
10 figure out if there is another way to go.

11 Having said that I think that there
12 is not -- Two important things. One, the
13 Legislature did tell us that they would be
14 comfortable to have Suffolk Downs proceed with
15 the simulcast with as few as one day of racing.
16 That was the statement from the Legislature
17 authorizing that possible move.

18 Secondly, for now, the New England
19 Horseman Benevolent -- NEHBPA has endorsed and
20 supported this. The internal issues that are
21 going on with that organization and its
22 membership and other organizations are
23 internal. They're not our issues. For the
24 time being that leadership group has taken the

1 position as Commissioner Cameron had said.

2 I also actually happen to think that
3 there is one benefit to the industry. I think
4 the concern about showing the world that there
5 is life in thoroughbred racing does have some
6 merit. There is a model around the country,
7 there is a precedent around the country of
8 monies like Race Horse Development Funds being
9 scooped off by the Legislature for use in other
10 places.

11 And I do think that if it's possible
12 to have a meet that there is a benefit to the
13 maintenance of thoroughbred racing by
14 demonstrating some vivacity in that initiative.
15 Hopefully, it will involve our residents to the
16 maximum extent possible.

17 So, with all that I too would be in
18 favor of granting the license. And we'll get
19 to the three buckets of money later on.

20 COMMISSIONER MCHUGH: I just want to
21 add one thing to what I said before because I
22 favor this too. One of the biggest arguments
23 against it is that the money that will be spent
24 on purses this year should be saved and used

1 when a new meet and a longer meet is ultimately
2 determined.

3 I too hope that a longer meet will
4 be ultimately determined as soon as next year.
5 And the calculations that I've done, as I just
6 mentioned a minute ago, expending this money
7 will still leave the possibility for a 50-day
8 meet before the end of fiscal year '16, of
9 about three times what the daily purse rate was
10 last year, around \$300,000. There will be
11 enough money for that.

12 So, I think the economic interests
13 of the horsemen are not going to be adversely
14 affected by this.

15 MR. TUTTLE: The only other thing I
16 would point out for your consideration as you
17 separate the dates request from the request for
18 the funding is our ability to be successful is
19 somewhat related to, perhaps very related to
20 the purse amount.

21 By way of example, at \$105,000 a day
22 the last few years that's about the lowest on
23 the East Coast. We were routinely competing
24 for horses against places that offer \$250,000 a

1 day in purses. The \$1.75 million that we've
2 requested is the equivalent to the one purse
3 for the Haskell at Monmouth Park this past
4 Sunday won by American Pharaoh. It is not as
5 if -- Our ability to be successful in those
6 three days is very much related to the \$1.2
7 million in funding that we've requested
8 directly for the purses.

9 COMMISSIONER MCHUGH: The \$1.2
10 million. The \$1.75 includes the \$325,000 for
11 operating expenses and future facilities not
12 purses.

13 MR. TUTTLE: That's not for us.
14 That's for the HBPA.

15 CHAIRMAN CROSBY: Quiet please.

16 MR. TUTTLE: Just so everyone is
17 aware of the 1.75 none of it flows to Suffolk
18 Downs.

19 COMMISSIONER MCHUGH: I understand
20 that. And I understand your point. You want
21 the large purses to be available.

22 MR. TUTTLE: Sufficient to attract
23 horses for the three days.

24 COMMISSIONER ZUNIGA: Wasn't that

1 always part of the mix and up to the commercial
2 interests that you had that would result in
3 your supplementing those purses?

4 MR. TUTTLE: Historically, there is
5 a dynamic tension between the amount of purse
6 money and the amount of days. Some facilities
7 pay higher purses and run fewer days. And they
8 create a sense of urgency and a sense of place.

9 Saratoga is six weeks from July 24
10 through Labor Day. Other places run longer
11 meets 100, 150 days. Most of those have
12 supplements from gaming that are even larger
13 than what is anticipated in the Race Horse
14 Development Fund.

15 So, part of it is horsemen would
16 like a place to go for a full year and not have
17 to travel. Who can blame them? And fans
18 conversely prefer to bet on the highest
19 perceived quality which is \$400-, \$500-,
20 \$600,000 a day in purses attracting the best
21 horses. And it's pretty much a graph that you
22 can see.

23 COMMISSIONER ZUNIGA: Okay.

24 CHAIRMAN CROSBY: Anything else?

1 All right, Commissioner Cameron, do you want to
2 tee up the first?

3 COMMISSIONER CAMERON: So, we're
4 going to vote on just the racing days and then
5 address the other issues; is that right?

6 CHAIRMAN CROSBY: Yes. We can start
7 out with them as a group and then figure out
8 how we proceed.

9 COMMISSIONER CAMERON: So, I move
10 that the request from Suffolk to have a three-
11 day race meet, and those dates were September
12 5, October 3 and the 31st be approved.

13 CHAIRMAN CROSBY: Second?

14 COMMISSIONER STEBBINS: Second.

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

17 COMMISSIONER MCHUGH: Aye.

18 COMMISSIONER CAMERON: Aye.

19 COMMISSIONER STEBBINS: Aye.

20 CHAIRMAN CROSBY: Opposed?

21 COMMISSIONER ZUNIGA: No.

22 CHAIRMAN CROSBY: The ayes have it
23 four to one, Commissioner Zuniga opposed.

24 CHAIRMAN CROSBY: Okay. Now there

1 is a proposal that there also be an
2 appropriation of \$1.75 million from the Race
3 Horse Development Fund that to be \$1.2 for
4 purses, three -- What are the numbers?

5 DR. LIGHTBAUM: 325.

6 CHAIRMAN CROSBY: 325 for NEHBPA
7 operating expenses.

8 MS. BLUE: It's 325 for their
9 expenses, they're called future expenses. And
10 they're around development. And then there's
11 225 for what we look at as sort of current
12 expenses, their day-to-day type expense.

13 COMMISSIONER STEBBINS: Isn't some
14 of this request also go to the breeders?

15 MS. BLUE: No, we've made the
16 payments to the breeders.

17 CHAIRMAN CROSBY: So, say again.
18 The recent legislation changed the ability take
19 some of the monies from the Race Horse
20 Development Fund and put it into these other
21 purposes, correct, or expanded it?

22 COMMISSIONER ZUNIGA: Administrative
23 purposes.

24 MS. BLUE: It said that they could

1 use funds for administrative and operating
2 expenses subject to an agreement with the
3 horsemen.

4 CHAIRMAN CROSBY: Right.

5 COMMISSIONER MCHUGH: There's two
6 buckets of money requested in addition to the
7 purses. And the total purse amount is
8 determined in part by what Dr. Lightbaum? The
9 \$1.2 million is an estimate, right?

10 DR. LIGHTBAUM: Right, when actual
11 races fill, get enough horses entered in them
12 will determine what races are actually run.
13 And they all have different purses. There is
14 some variability in that.

15 COMMISSIONER MCHUGH: Is the \$1.2
16 million anticipated to be a cap on the total
17 purse amount or an estimate?

18 MR. TUTTLE: It's an estimate but we
19 hadn't planned on requesting more than that.

20 COMMISSIONER MCHUGH: So, that means
21 that the other two buckets are the \$325,000 and
22 the \$225,000, right?

23 DR. LIGHTBAUM: Right.

24 COMMISSIONER MCHUGH: The \$325,000

1 is for racing, operating expenses and future
2 racing facility development expenses, and
3 include such things as legal advisors, bond
4 counsel, soil testing, engineering,
5 architectural fees, permitting processes. And
6 it seems to me that that's premature.

7 COMMISSIONER ZUNIGA: I would agree
8 with that.

9 COMMISSIONER MCHUGH: I'd just
10 suggest that we don't have a viable alternative
11 proposal now. And to appropriate that money
12 now does not make sense.

13 CHAIRMAN CROSBY: Read the list
14 again, Commissioner.

15 COMMISSIONER MCHUGH: It's current
16 and future racing projects, consulting
17 \$125,000, legal advisors, financial advisor,
18 bond counsel, soil testing, engineering,
19 architectural fees and a permitting process for
20 what I am not certain. First of all, I'm not
21 certain that that comes within the statutory
22 definition of operating expenses.

23 MS. BLUE: I agree with Commissioner
24 McHugh. I don't believe that's what was

1 contemplated by talking about administrative
2 and operating expense.

3 COMMISSIONER MCHUGH: Administrative
4 and operating expenses. So, that's cut number
5 one. Cut number two is for the NEHBPA
6 administrative expenses that's 225. General
7 and administrative including -- Please, I'm
8 talking now. -- general and administrative, it
9 includes \$73,000, consulting and contract
10 services \$140,000 and insurance \$12,000.
11 That's what that category is.

12 CHAIRMAN CROSBY: Does that strike
13 you as within --

14 COMMISSIONER MCHUGH: Is strikes me
15 as within the category that it is within the
16 category.

17 MS. BLUE: I think that is more like
18 what was contemplated. We have had some
19 conversations. And my understanding is these
20 pertain to expenses that have been incurred in
21 the normal course of their operation, salaries,
22 rents, things like that. And that makes sense
23 under the new legislation.

24 COMMISSIONER STEBBINS: And the memo

1 points out it's traditional -- This is the
2 letter from the NEHBPA. It talks about this a
3 traditional funding source. Do we have any
4 idea how this amount measures up with previous
5 years?

6 DR. LIGHTBAUM: They usually spend
7 about \$350,000.

8 CHAIRMAN CROSBY: For what they're
9 now asking for \$225,000?

10 DR. LIGHTBAUM: Did I get that
11 right?

12 MS. BLUE: That is correct, yes.
13 They're asking for the \$225,000.

14 DR. LIGHTBAUM: They normally do
15 \$250,000, yes, I misspoke. Usually, it's about
16 \$250,000 and they're asking for \$225,000.

17 COMMISSIONER MCHUGH: Okay. I would
18 be in favor of the \$225,000, not the \$325,000
19 for a total package of \$1.425 million, 1.2 for
20 purses, 2.25 for administrative expenses for
21 the NEHBPA.

22 COMMISSIONER ZUNIGA: 225.

23 COMMISSIONER MCHUGH: Pardon me?

24 COMMISSIONER ZUNIGA: 225, you said

1 2.25.

2 COMMISSIONER MCHUGH: I'm sorry,
3 \$225,000.

4 COMMISSIONER STEBBINS: Total of
5 \$1.425 million.

6 COMMISSIONER MCHUGH: \$1.425
7 million, right.

8 COMMISSIONER STEBBINS: If that's a
9 motion -- Is that a motion?

10 COMMISSIONER MCHUGH: I'm just
11 expressing my opinion at the moment.

12 COMMISSIONER STEBBINS: I would
13 agree with that. I think the \$325,000 is
14 somewhat premature. And again it's
15 questionable whether it's an allowed expense
16 apparently.

17 CHAIRMAN CROSBY: You're saying
18 you're not sure whether it's -- We actually
19 haven't gotten an opinion on that issue, have
20 we? Or is that your formal opinion?

21 MS. BLUE: That's my opinion. We
22 had conversations that this is money that would
23 be used to developing a new facility. There's
24 two things. Under the legislation that was

1 passed, they talk about administrative and
2 operating expenses.

3 That's explicit language that
4 actually pretty much codifies what has happened
5 in the past. Which in the past per purse
6 agreement that kind of money could flow to the
7 NEHBPA for their operating type expenses.

8 I don't think the contemplation was
9 that they would use this as seed money for a
10 track. I think that sort of requires a
11 different conversation with the Legislature.

12 CHAIRMAN CROSBY: That's pretty
13 persuasive. Okay. I take your opinion on
14 that, but I certainly agree with Commissioner
15 McHugh's point that that might be -- Those may
16 well be appropriate expenses for some project
17 at some point, but to have it before there's
18 even a project doesn't make any sense, never
19 mind the issue of whether it's an allowed use.
20 Other thoughts? Do you agree?

21 COMMISSIONER CAMERON: I do as well.

22 CHAIRMAN CROSBY: Do you want to
23 make motion to that effect, Commissioner
24 McHugh?

1 COMMISSIONER MCHUGH: I move that
2 the Commission authorize an expenditure from
3 the purse account (SIC) of \$225,000 for NEHBPA
4 administrative expenses and \$1.2 million not
5 more than \$1.2 million for purses for the
6 three-day meet the Commission has just
7 authorized.

8 CHAIRMAN CROSBY: Second?

9 COMMISSIONER CAMERON: Second.

10 CHAIRMAN CROSBY: Further
11 discussion? Commissioner Stebbins, you look
12 like you're --

13 COMMISSIONER STEBBINS: No.

14 CHAIRMAN CROSBY: Further
15 discussion, Commissioner Cameron?

16 COMMISSIONER CAMERON: No.

17 CHAIRMAN CROSBY: 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 MR. TUTTLE: Thank you very much.

1 CHAIRMAN CROSBY: Now I think we are
2 back to item 5(b).

3 DR. LIGHTBAUM: So, we wanted to
4 talk a little bit about next racing season.
5 Obviously, things this year were not probably
6 what anybody really hoped for. Three days of
7 racing does not support an industry. I don't
8 think there is any argument about that fact.

9 So, going forward we have just about
10 two months before applications for the next
11 racing season are due in. And as several of
12 you have already commented, we would like to
13 see some great proposals come in. We'd like to
14 open it up to anybody who is interested.

15 And if people would like to come in
16 and speak to the Commission about what they are
17 doing at other tracks, we'd like to find out
18 that. We'd like to see what's working in other
19 parts of the country so that we can have
20 something positive for next year, a meaningful
21 meet next year going forward.

22 COMMISSIONER STEBBINS: I would
23 agree with Dr. Lightbaum. She and I had a
24 quick conversation about this. We've always

1 worn a hat as we've -- When wearing our gaming
2 hat, we have always encouraged competition.
3 We've looked for competition.

4 We really haven't had to do that
5 over the past few years with respect to racing,
6 which we now manage and oversee. I think the
7 work that was done, the efforts to invite or
8 encourage the Stronach Group to look at
9 thoroughbred racing in Massachusetts was
10 encouraging.

11 I think we have a time window now
12 between now and when the applications are due
13 to invite them back to the table, help us
14 understand the thoroughbred racing landscape a
15 little bit better, help us understand the value
16 of the purse money that we've talked about here
17 and where we expect it's going to be by the end
18 of fiscal year.

19 The fact that we have regulations
20 that are sunseting and what are some of the
21 proactive changes we might consider to those
22 that would assist the industry.

23 We have a licensee that has
24 tremendous horseracing experience in Penn

1 National.

2 I don't know what else is out there,
3 but I would somewhat rephrase what you just
4 suggested saying they're welcome to come in and
5 talk to us. I think we ought to be a little
6 more aggressive in that and reach out to who
7 these players are and invite them to sit down
8 and talk with us. Either come in and meet with
9 us in Boston, do it over the phone, get the
10 Stronach people back on the phone thinking
11 about next year.

12 Also before the application deadline
13 is upon us, have this body think about what is
14 -- what do we want our expectations to be for a
15 race meet schedule next season? Not everybody
16 is happy with three days, but unless we make
17 our expectations known to an applicant, I don't
18 want to find us back in the same position next
19 year.

20 But that was my suggestion. I would
21 like to see us encourage competition, go out
22 and see what the landscape looks like. We do
23 it with gaming. We should be at this stage
24 where we've heard repeatedly that Suffolk may

1 be transitioning to either looking at other
2 development opportunities on their property,
3 now is an opportune time. And there may be
4 some folks out there that are interested in
5 partnering with us to pump some energy back
6 into the thoroughbred industry in
7 Massachusetts.

8 That was my thought. And I shared
9 that with Alex, but I don't know how anybody
10 else feels.

11 CHAIRMAN CROSBY: I totally agree.
12 The only thing is the time sensitivity. There
13 is this point about the simulcast rights. And
14 that is a critical variable in any
15 negotiations. And we have to figure out how we
16 let that be in play in a way that it's
17 appropriate for us in our role. And you guys
18 can help us on that.

19 COMMISSIONER ZUNIGA: I have a
20 question on that note, which is it comes from a
21 goal that I think is incumbent upon us. I
22 would really like us not to be in a position of
23 come October be looking at one or two
24 placeholder applications for just one day of

1 racing.

2 If we have to extend that deadline
3 even though it's statutory, I'd rather -- maybe
4 there is something that we can communicate
5 quickly to the Legislature to make sure that
6 that's not -- we're not subject to that.
7 Because we might find ourselves in a very
8 similar position if all we have is one
9 placeholder application for just one day.

10 As a corollary, if 2015 here -- If
11 this legislation of 2015 takes us de facto
12 already to June or is it July 2016?

13 MS. BLUE: It takes us into July
14 2016.

15 COMMISSIONER ZUNIGA: Are there
16 other options relative to all of the other
17 pieces of the statute that converge here to be
18 planning accordingly for the same purposes of
19 soliciting interests from whomever, not just
20 the current players or the potential players
21 but everyone else with the right amount of time
22 to be able to put together what would be not a
23 placeholder application.

24 I think that's something that we

1 really need to explore in my opinion quickly so
2 that we don't find ourselves in a very similar
3 position come after October or next year or
4 before June of next year when all of this is
5 coming to ahead again.

6 COMMISSIONER MCHUGH: I agree with
7 that. And I would also like us to look at
8 something that I just was thinking about this
9 morning as I reread the legislation.

10 That is it says that we're bound by
11 the Legislature's determination that the
12 Suffolk licensee keeps that license through the
13 end of the fiscal year. But the legislation
14 says the running horse meeting licensee located
15 in Suffolk licensed to conduct live racing
16 pursuant to 128A and simulcast wagering
17 pursuant to 128C in calendar year 2014 shall
18 remained licensed as a running horse meeting
19 licensee. It doesn't say the running horse
20 meeting licensee.

21 So, I would like as we think about
22 these things, the legal division to think about
23 whether by using the word a the Legislature
24 contemplated the possibility of more than one,

1 which would open up a lot of possibilities, it
2 seems to me.

3 MS. BLUE: 128A does. And we will
4 go back and review the language, it does have
5 the ability to have multiple licensees in
6 certain categories with geographic spacing.
7 So, we can go back and take a look at how that
8 might work with what the 2015 legislation did.

9 COMMISSIONER ZUNIGA: There used to
10 be more than one simulcast license, didn't
11 there?

12 MS. BLUE: The simulcasting has been
13 tied historically to live racing. And there
14 were others, as I understand it, in the past
15 there were multiple live racing meets of both
16 types as long as they met certain geographic
17 distances.

18 Over time, it seems as though those
19 numbers have shrunk. Right now, they still tie
20 simulcasting to a race meet, which is another
21 legislative question that probably should be
22 looked at.

23 CHAIRMAN CROSBY: Okay. Anything
24 else on this topic or the racing division? All

1 right. Thank you very much.

2 Now we are back to item 4, the legal
3 division. Folks from the industry who stuck
4 with us, thank you very much for coming.
5 General Counsel Blue.

6 MS. BLUE: I would just like to make
7 a brief comment on item (b) before I let Mr.
8 Grossman talk about transfer regulations.

9 If you look at item (b) what you
10 might recall is this matter was before you at
11 the last Commission meeting and you did in fact
12 approve it. The reason it is here before you
13 today, we're asking to ratify it because we did
14 receive a concern from a member of the public
15 who believed that our agenda was not perhaps
16 detailed enough to understand what we were
17 considering.

18 And reviewing their letter and their
19 concern, it is possible that they have a valid
20 concern. We used abbreviations such as SBIS
21 instead of spelling out what it was. So, you
22 will see that in the future when we consider
23 regulations, we will be more specific, put in a
24 little more detail about what it's about. We

1 will not use the acronym and amendments that we
2 have in the past.

3 So, in order to address the concern
4 we're bringing item (b) which is regulation 205
5 CMR 139 back before you again. But it is
6 simply for ratification vote. You did consider
7 it. It was in the package last time. If you
8 have questions, we can certainly answer them,
9 but you did go through it in some detail at the
10 last meeting.

11 COMMISSIONER MCHUGH: The specific
12 concern was about the fact that we used the
13 acronym SBISS, SBISS, right?

14 COMMISSIONER ZUNIGA: No, just one
15 S.

16 COMMISSIONER MCHUGH: One S, instead
17 of spelling out what that was. That was the
18 small business impact statement.

19 MS. BLUE: Yes.

20 COMMISSIONER MCHUGH: The point was
21 a sound one. So, that's what that was. In the
22 future, we'll do that.

23 MS. BLUE: We'll do that for all of
24 our regulations going forward as we did for 205

1 CMR 129 which is before you again today.

2 If you could vote to ratify 205 CMR
3 139, we can move onto the more substantive
4 regulation that you have before you.

5 COMMISSIONER MCHUGH: Ratify that
6 and ratify sending the small business impact
7 statement to the Secretary of State.

8 MS. BLUE: Yes.

9 CHAIRMAN CROSBY: Commissioner
10 McHugh?

11 COMMISSIONER MCHUGH: I move that
12 the Commission ratify the action that it took
13 two weeks ago in approving for promulgation 205
14 CMR 139, which addresses licensee disclosure
15 and reporting and that the Commission also
16 ratify the approval we gave two weeks ago to
17 sending the small business impact statement for
18 that regulation to the Secretary of State.

19 CHAIRMAN CROSBY: Second?

20 COMMISSIONER STEBBINS: Second.

21 CHAIRMAN CROSBY: Further
22 discussion? All in favor, aye.

23 COMMISSIONER MCHUGH: Aye.

24 COMMISSIONER CAMERON: Aye.

1 COMMISISONER ZUNIGA: Aye.

2 COMMISSIONER STEBBINS: Aye.

3 CHAIRMAN CROSBY: Opposed? The ayes
4 have it unanimously.

5 MS. BLUE: Thank you. The next
6 regulations is the transfer regulation. This
7 has come before you on a few occasions. We
8 have consulted with licensees and applicants
9 and have gotten some very good comments. We
10 have made significant changes to it.

11 So, I'll let Mr. Grossman speak to
12 that regulation and some of the options that
13 you have before you.

14 MR. GROSSMAN: Thank you, good
15 afternoon. This is 205 CMR 129, deals with the
16 transfer of interests, which covers actually a
17 broad spectrum of issues.

18 The most obvious being if a gaming
19 license itself were to be sold, though it
20 covers a number of other types of transfers as
21 well. This came back to us because there was
22 one provision in particular that raised some
23 concern to say the least which was the so-
24 called transfer fee.

1 So, we've gone back. We spent some
2 time thinking and rethinking through some of
3 these provisions. And we have made a number of
4 modifications to the draft, which by the way
5 have gone through the full public comment
6 period and are ready for adoption.

7 That being said, we just circulated
8 this draft to the licensees and the applicant
9 in Region C for review and comment on Monday.
10 So, at this point, it would be my
11 recommendation that we take a look at some of
12 these issues here today, but we bring it back
13 at the next meeting for finalization.

14 I think we're at the point where can
15 certainly see the light at the end of the
16 tunnel here. These are probably close to ready
17 for final adoption.

18 But that being said, there are a
19 couple of highlights that we thought would be
20 worthwhile pointing out to you now. Beginning
21 with the introductory paragraph, where there
22 are a couple of provisions in there that we're
23 going to recommend be moved elsewhere that I'll
24 get into in a moment.

1 So, the key here and one of the
2 backbone of this set of regulations I think
3 really is paragraph two where we layout what
4 are essentially the five categories of
5 transfers that you would have. You would have
6 a transfer of a direct or indirect interest in
7 the gaming license itself; a transfer of a
8 direct or indirect interest in the gaming
9 establishment, so the building and the land and
10 things like that.

11 A transfer of any right in a pending
12 application or a renewal application for a
13 license, any type of option contract or
14 agreement to engage in one of the
15 aforementioned transfers.

16 Finally, to the extent it affects
17 the parent or holding or intermediary company,
18 any transfer that would result in a change of
19 control over the gaming license. So, those are
20 the five categories that we've identified that
21 would trigger these regulations and require
22 notice be provided to the Commission by way of
23 the IEB. And then ultimately approval by the
24 Commission for those types of transfers. And

1 we get into how that's done a little bit later.

2 But paragraph four I also just
3 wanted to make a couple of comments on.

4 Paragraph four, we go through the exemptions to
5 the notice and approval requirement. And it
6 became clear late in the process that we needed
7 to make sure that this coincides and reconciles
8 well with our qualifier regs to make sure that
9 we don't on the one hand tell the licensees
10 that they don't need to notify us of something,
11 and then in a separate set of regulations tell
12 them that they do need to notify us of
13 something for purposes of determining whether
14 an entity is a qualifier or not.

15 So, there is a little bit of
16 polishing that needs to take place here. But
17 by and large, paragraph four here deals with
18 the exemptions to the notice and approval
19 requirements.

20 The one new provision that we've
21 added here that will likely undergo some
22 modification before your next meeting deals
23 with institutional investors. Where we already
24 have provisions that govern institutional

1 investors in section 116, we may just end up
2 cross-referencing that. So, there's a whole
3 section in here that may or may not make it
4 through as you see it presently.

5 On page three, we added in a section
6 that makes clear that in the event that one
7 were to assume the control of a gaming license
8 that they would also need to assume all of the
9 obligations of the transferor including all
10 commitments made in the RFA-2, the host and
11 surrounding agreements and other like
12 agreements.

13 There are a couple of other
14 noteworthy provisions. On page six at the
15 bottom, one of the issues that was raised by
16 the licensees was the kind of broad nature of
17 the term disadvantageous to the interest of the
18 Commonwealth. That would be a reason why the
19 Commission could deny approval or withhold
20 approval from a particular transfer.

21 So, to that end we made efforts to
22 actually tie that standard into the existing
23 framework of the suitability type process and
24 say that those are the principles that the

1 Commission will look at to determine whether a
2 transfer would be disadvantageous.

3 We added in that the Commission will
4 look at whether the transferee is agreeing to
5 assume all of the obligations of the present
6 licensee. And the other note that I would make
7 here is that we did mention that if any of
8 these things happen, it shall be considered
9 disadvantageous. We will look to make that a
10 may to give the Commission a little more
11 flexibility to make that determination.

12 On page seven, we get into the so-
13 called transfer fee. And to discuss that we
14 have created a separate document, which I think
15 precedes this particular set of regulations in
16 your packet where we laid out a number of
17 different options for the Commission to
18 consider when it determines whether or how to
19 address this fee.

20 And you'll recall dating back to
21 almost the beginning of your operation where we
22 looked at the question as to what the
23 Commonwealth's share actually means that's in
24 the statute that upon a transfer of interest

1 that the Commission may assess a payment upon
2 the transferee or transferor to ensure that it
3 takes the Commonwealth's share. So, that's
4 what these attempt to address is the
5 Commonwealth's share.

6 There are two questions that need to
7 be considered here. The first is whether an
8 assessment will be made or will not be made.
9 The second is if so how will that be done? So,
10 the options here are fourfold. There are two
11 options where we say there will be an
12 assessment made. There are two where we say
13 there may not be assessment.

14 And secondly, we get into how that
15 will be done. The first is by look at the CPI,
16 which is the consumer price index. It's done
17 on a regional basis. There is one for the
18 Boston area, which is what we reference here.
19 That particular equation will benefit from a
20 little bit of polishing itself to make sure
21 that we frame that correctly.

22 But essentially, it looks at the
23 cost increases on annual basis. So, what we
24 would be looking to do is set the initial value

1 at the cost of the license, the \$85 million or
2 the \$25 million, multiply that by the annual
3 increase and then compound it by the number of
4 years that the licensee has held the license.

5 So, that would be -- And then
6 multiply that by either the 25 percent or the
7 49 percent depending upon whether it's Category
8 1 or Category 2. That's the general equation
9 that would be applied or that's being proposed
10 here under some of the options if you were to
11 adopt the CPI indexing method.

12 We've also built in here, and again
13 this provision could stay in or come out
14 depending upon where you land with this,
15 essentially a de facto cap on the maximum
16 amount that could be assessed under a transfer.

17 Here we set it at \$5 million. That
18 was based upon the average five year compound
19 -- 15 year compounding for an \$85 million
20 license fee. We realized that doesn't actually
21 reflect the similar consideration for the
22 Category 2. So, we would actually recommend
23 inserting a separate cap for the Category 2 at
24 \$1 million, which represents a similar average

1 compounded increase over the course of five
2 years.

3 And then finally in all of these,
4 we've also inserted a provision for your
5 consideration, which would allow any assessment
6 that is made to be offset by the future
7 licensee, the transferee against their next
8 renewal fee. So, they pay it and then they
9 offset their next fee with that.

10 So, these are the four options we've
11 laid out. We can certainly spend a little more
12 time on this at some point. This may not be
13 the right time for that I'm guessing. Maybe
14 next time.

15 COMMISSIONER MCHUGH: Your intent
16 was to have these put out for comment before we
17 take final action in any event.

18 MR. GROSSMAN: Yes. I'm sure we'll
19 get some robust comment from the licensees. We
20 can also post these on our website and let
21 anyone else who wants to comment on them
22 comment on them as well. So, those are the
23 options.

24 There's one other thing that I might

1 want to talk about. I think that pretty much
2 captures all of the high points in these new
3 draft regs. We can come back and touch on some
4 of the more specifics perhaps in two weeks.

5 CHAIRMAN CROSBY: I think talking it
6 over after we've heard from the licensees is
7 pretty important. It's the right way to go.

8 But I do just have one kind of
9 conceptual question for you or Commissioner
10 Zuniga or anybody else for that matter. I know
11 the legislation said we may impose a transfer
12 fee. What is the conceptual logic of assessing
13 a fee on that? Where is the economic logic in
14 us imposing a fee on that?

15 COMMISSIONER ZUNIGA: I'm going to
16 jump on that if you don't mind. Let me just
17 preface this by saying that Todd and I and
18 Catherine have spent a lot more time than we
19 care to admit on this. And that has been the
20 central issue, Mr. Chairman. The may on the
21 assessment and for what purpose?

22 What did the Legislature intend?
23 Because we are not talking about the cost to
24 defray our investigations, for example. That's

1 clear. We will assess those on anybody who
2 comes in who needs to be part of the
3 suitability, etc.

4 So, it becomes a bit of a
5 philosophical question which is what I from my
6 perspective we ought to discuss here as we
7 analyze the four options.

8 You will recall when we initially
9 had this very early policy discussions, my read
10 was and perhaps Todd and Catherine would agree
11 that it may have been inserted there by the
12 Legislature to prevent the possibility of
13 speculation. And this is just a guess. That
14 somebody could obtain a license, turnaround and
15 sell it, if you will, transfer it and realize a
16 quick profit.

17 That possibility in my view has been
18 diminished significantly from then to today,
19 because if history has served us, me anyway, is
20 that this instrument is highly illiquid. It's
21 very difficult to turnaround and transfer
22 something like this. You have to go through --
23 The price for entry is very high, including the
24 whole suitability determination, including the

1 costs associated with it in terms of times and
2 resources.

3 So, what may have been originally
4 put in there as a way to make sure that there
5 was a failsafe, if you will, maybe the
6 "pricing" wasn't appropriate and this would've
7 been a lot more valuable if XYZ, has also
8 become less relevant because we are at a very
9 different instance now. We have now awarded
10 three of the four licenses that we have to
11 award. And again, that possibility is very
12 minimal in my view.

13 Which bears back the question why
14 would that be there if it is not for some
15 purposes? And it also came about with where
16 would this money go? Do we put it in the
17 licensing fund or in the revenue fund? Or does
18 it go to the Commission's control fund? And
19 all of that gets in the mix.

20 At times, I didn't know where I
21 ended up here. I ended up on option (a)
22 because I take the direction of perhaps very
23 literal realizing an appreciation. And the
24 best way to think about it is in my view

1 indexing it but with a very reasonable cap,
2 which is the average as Todd explained it.

3 But that doesn't negate the notion
4 of we could end up with no transfer fee because
5 that may could go the other way in which we say
6 there is no cost for transferring. It's a
7 business decision. It's a business
8 transaction.

9 There is a case to be made that to
10 the extent that people can transfer those that
11 also provides the ability to continue the goals
12 that we have, which are jobs and revenues and
13 etc., etc. So, we could easily end up with no
14 transfer fee and simply just a notification
15 provisions to the IEB that are also embedded
16 here.

17 COMMISSIONER STEBBINS: I appreciate
18 your thinking about why this may have been
19 originally been included and the fact that
20 maybe we've moved past this period of time
21 where instituting the fee would have made
22 sense.

23 But another way to look at it is
24 simplistically with the math at the end of the

1 day, we don't wine up any richer. We take \$10
2 million in a transfer fee, we're just charging
3 \$75 million when the license comes up for
4 renewal.

5 MR. GROSSMAN: And you're talking
6 about a \$5 million cap in any event. You're
7 right though it's not big money we're talking
8 about but you've kind of tapped into the \$50
9 million question, if you will. And that's the
10 whole reason we have four options here, is
11 because though Commissioner Zuniga and I agreed
12 on almost everything, we could not really quite
13 see eye-to-eye on why and when there should be
14 a so-called transfer fee assessed.

15 So, we said let's let the Commission
16 look at all of the options. And you really do
17 need to think about why that provision exists
18 in the law. What is it there to protect? What
19 is it there to do? And is it worthwhile?

20 COMMISSIONER ZUNIGA: By the way, we
21 also looked at other jurisdictions with the
22 good comments of our licensees, by the way.
23 They all tend to linger more around a "fee".

24 CHAIRMAN CROSBY: A fee like a

1 charge for doing a transaction.

2 COMMISSIONER ZUNIGA: Yes, sort of
3 like a transaction cost. And they range. By
4 the way, I discount the examples of Nevada and
5 New Jersey because there's no limit there for
6 the number of licenses let's say. So, they
7 have sort of like a very different regulatory
8 framework to ours.

9 And also importantly which Todd
10 mentioned which is here the license comes with
11 all of the conditions that it comes with. So,
12 in the event that a transferee is not willing
13 to have any one of those conditions be met for
14 whatever reason, it would require approval of
15 this Commission. And at that juncture, we
16 could look at it. We could contemplate renewal
17 fees which are also not included in this
18 regulations. We could contemplate any number
19 of additional conditions etc., etc.

20 MR. GROSSMAN: And I think just to
21 pick up on that it's important also to
22 recognize that this assessment has nothing to
23 do with suitability. That's a totally separate
24 issue where you'll decide whether the

1 transferee is suitable and someone who
2 satisfies all of the criteria under the
3 statute. This also has nothing to do with
4 investigation fees which will be assessed
5 separately for any new qualifiers who come
6 about.

7 So, it's entirely just the so-called
8 transfer fee to ensure that the Commonwealth
9 collects its share of the increased value of
10 the license.

11 It's also worth noting and
12 remembering that when the Commission set the
13 fees, you remember you had the option of
14 increasing it off of the \$85- and the \$25
15 million, but instead of doing that in which you
16 would have really essentially set a value of
17 the license, you said we're not going to move
18 off of that number and try to figure out what
19 the actual value of the license is.

20 We would rather have the applicants
21 put that money towards the gaming
22 establishment. So, we can and the Commonwealth
23 can actually in the long-term benefit from
24 those dollars in a different way from us just

1 taking a fee upfront.

2 So, those are all things I think to
3 think about when we look at what this provision
4 means and what it means to get the
5 Commonwealth's share of the increased value of
6 the license.

7 It's a question we've been wrestling
8 with for about three years. So, we're getting
9 close but it's not an easy answer.

10 COMMISSIONER MCHUGH: I thought when
11 I first saw the CPI device for measuring the
12 share that you had struck something that you
13 hadn't but made a lot of sense to me,
14 apparently, and that is that the CPI takes
15 account of inflation. And that as we move down
16 the line had the Legislature enacted this
17 legislation three or four or five years hence,
18 the \$85 million might have been a higher
19 minimum or the 25 might have been a higher
20 minimum.

21 And that the Legislature wanted to
22 recapture that even though they set the
23 minimums when they did. That's another
24 rationale for this.

1 COMMISSIONER ZUNIGA: Right. That's
2 why I favor the notion of my option (a) here.
3 But like all good lawyers, Todd is getting to
4 the core of the notion here which is the why.
5 And I'm simply going the appreciation embedded
6 in or implicit in the Gaming Act and let's put
7 a base to it and let's be reasonable and
8 calculate some average.

9 MR. GROSSMAN: The CPI index, I
10 think, I agree, Commissioner McHugh is a great
11 way to measure what the increased value is, but
12 first you have to get to whether you are going
13 to assess a payment. That's kind of the
14 threshold question.

15 CHAIRMAN CROSBY: Right, which is
16 why I brought it up. Off the top of my head, I
17 don't see any reason to do it. It just doesn't
18 make sense to me.

19 There's sort of a principle in
20 business if there's money on the table take it.
21 We do have the authority to take some money if
22 we want to and do something with it. But I
23 just don't see the rationale for it.

24 We tax these folks heavily. They

1 have to jump through incredible hoops. They're
2 doing, it appears, very, very positive things
3 for the Commonwealth for the most part. It's
4 an expensive place to do business. And why we
5 should just willy-nilly without any
6 underpinning compelling economic reason, why we
7 should just take a piece of it mostly because
8 we can.

9 I'm open to conversation on it but
10 that's my instinct at this stage of the game.
11 We can keep talking or we can call it a day and
12 bring this up in two weeks.

13 COMMISSIONER MCHUGH: We're going to
14 put it out for comment.

15 CHAIRMAN CROSBY: It's out for
16 comments.

17 COMMISSIONER ZUNIGA: Would you want
18 to put out to comment all four options?
19 They're not currently.

20 COMMISSIONER CAMERON: All four, I
21 think.

22 COMMISSIONER MCHUGH: I thought that
23 was the intent to put everything out there.

24 MR. GROSSMAN: They've all been

1 circulated to the licensees. It hasn't been
2 publicized on our website or anything like
3 that. We can do that as well.

4 COMMISSIONER STEBBINS: I did have
5 one quick question. You talk about the
6 transferee having to assume all of the
7 obligations the previous applicant put in the
8 RFA-2 as well as the host community agreements
9 and the surrounding community agreements.

10 Do we know if that flies in the face
11 of any of our host community agreements, i.e.
12 they struck a deal and if a new transfer -- a
13 new operator comes in that they've got to go
14 back to the drawing board and do a whole new
15 HCA? Or is that not necessarily --

16 CHAIRMAN CROSBY: That would be the
17 obligation that they'd be picking up.

18 MS. BLUE: Yes. That is really what
19 it would be. I don't recall off the top of my
20 head whether there's an HCA out there but that
21 would be the obligation. They'd have to
22 negotiate a new one.

23 COMMISSIONER STEBBINS: That would
24 make sense.

1 CHAIRMAN CROSBY: Anything else? Do
2 I have a motion -- Wait, sorry. Jill, you've
3 been sitting here patiently.

4 Catherine, do you want to do the MGM
5 -- Sorry, I got anxious here.

6 MS. BLUE: I just want to give you a
7 brief update on our Section 61s for MGM. Our
8 consultants have been working. They have been
9 discussing information that they either need or
10 would like to see from MGM.

11 They have been reviewing the draft
12 Section 61s. They have met with some of the
13 Commissioners in terms of their various groups.
14 So, that process is proceeding at pace.

15 We expect that early next week we
16 will share the draft section 61s with MGM. And
17 the hope is that if we got all the information
18 we need, at your August 20 meeting, we will
19 come in and have the consultants report. And
20 then we will determine if at that point we are
21 ready to approve them or what else we may need.

22 We will need to have the MOA in some
23 shape to be incorporated into the Section 61s.
24 And we will discuss --

1 CHAIRMAN CROSBY: That's the Mass.
2 Historical.

3 MS. BLUE: Yes that we discussed
4 earlier today. And we will discuss what to do
5 about DOT Section 61s. We do have a draft, but
6 I don't think they'll be in a final form by the
7 time that we're ready.

8 So, hopefully we'll have all of that
9 for your consideration on the 20th.

10 COMMISSIONER MCHUGH: We heard today
11 though, and this schedule is the one that I
12 hope we can meet very much, but we heard today
13 that we might not get the revised site plans
14 for two to four weeks. I am not sure we can do
15 the kind of review that we need to do, and
16 actually with the Section 61 Findings that we
17 have to do for this one and for every other one
18 that without those site plans and knowing what
19 this project is that we're going to be doing
20 the Section 61 Findings for.

21 For example, the net zero energy
22 building was something we talked about on the
23 first go-around. And there's going to be new
24 building that we haven't even seen yet where

1 they propose to do the net zero energy as
2 opposed to the church. So, I think we need to
3 hopefully get those -- that site plan and the
4 other details ASAP so that we can tie this up
5 which we all would very much like to.

6 MS. BLUE: That's what we're
7 striving for. John Ziembra and I check in about
8 every other day with the consultants and with
9 our project management folks to see where we
10 are in terms of information.

11 Our goal is to shoot for the 20th.
12 If not, then we'll have a report on the 20th as
13 to where we are and what we think we need.

14 CHAIRMAN CROSBY: Okay. Thank you.
15 Director Griffin.

16 MS. GRIFFIN: Good afternoon.

17 CHAIRMAN CROSBY: Thank you for your
18 patience.

19 MS. GRIFFIN: I'm here today to
20 introduce a topic and then to also give you an
21 update on the Access and Opportunity Committee.
22 So, the Expanded Gaming law, as you all know,
23 makes economic inclusion a priority and places
24 emphasis on including minority, women and also

1 veterans throughout the statute.

2 There is a priority placed on hiring
3 veterans to be part of the design, construction
4 and the operational workforce as well as
5 contracting with veteran-owned businesses
6 throughout the design, construction and
7 operations.

8 So, in order to ensure that we reach
9 to the maximum extent possible those that have
10 served our country in the Armed Services,
11 Commissioner Stebbins has led an effort to look
12 at expanding the definition of veteran to those
13 in the National Guard or Reserve.

14 So, I'm going to turn it over in the
15 interest of time to the Commissioner.

16 COMMISSIONER STEBBINS: Thank you,
17 Jill. We've had this item quickly before us
18 recently. Jill and General Counsel Blue and I
19 met with Commissioner McHugh to refine a
20 definition. Again, this all came out of the
21 question that was posed to us, to Jill and I
22 quite some time ago of well, what is our
23 definition of veterans?

24 It's our understanding that the

1 state has a definition. The feds might have a
2 definition. What was going to be our
3 definition for the purposes of the Expanded
4 Gaming statute? And in particular anecdotally
5 the question was asked as it pertain to men and
6 women in the National Guard and Reserves who
7 might have been activated for duty since
8 September 11, 2001, but who might not have had
9 the opportunity to serve the sufficient number
10 of days to gain veteran status.

11 And to kind of acknowledge the
12 sacrifices of those folks, we wanted to
13 incorporate that into the definition. As an
14 aside, Jill and I listened in on a webinar from
15 the AGA on gambling in the military. And an
16 interesting fact, first of all, I'd like to
17 share all of the slide deck with all of you to
18 learn more about the issue. We've already
19 shared it with Mark. But the figure she threw
20 out is that since 9-11 47 percent of the Guard
21 and Reservist population in the United States
22 has been activated for duty in this period of
23 time in the war on terror.

24 So, to help give our licensees some

1 idea of what our definition was going to be and
2 again to kind of acknowledge the contributions
3 of these men and women in the Guard and
4 Reserves, we came up with this definition. It
5 is not meant to be limiting to Penn National
6 and the folks they may have brought on board
7 and have done business with, but what you see
8 before you is just a quick definition which
9 we'd like to put out for public comment and see
10 what kind of feedback and reaction and comments
11 that we get. Commissioner McHugh I don't know
12 if you want to add anything to that.

13 COMMISSIONER MCHUGH: No. it's a
14 very broad and thoughtful definition and look
15 forward to getting the comments from everybody,
16 from the public.

17 CHAIRMAN CROSBY: The fundamental
18 gist is we would be extending the definition to
19 include Guardsmen and Reserve.

20 COMMISSIONER STEBBINS: Right,
21 member of the Guard and Reserve who had been
22 activated for any nontraining purposes.

23 CHAIRMAN CROSBY: Or who have been
24 honorably discharged, I thought.

1 COMMISSIONER STEBBINS: Or have been
2 honorably discharged.

3 CHAIRMAN CROSBY: So, that's anybody
4 who has been in the Guard and has been
5 discharged.

6 COMMISSIONER STEBBINS: Right. So,
7 I think we have a timetable. Put it out for
8 two weeks, seek public comment. We'll reach
9 out to some of the stakeholders we've met with
10 and encourage them to weigh in. And we'll come
11 back and see what kind of feedback we get.

12 Most of the definitions as we all
13 know exist out there because there is some type
14 of financial benefit attached, some type of
15 benefit check or financial compensation that
16 goes to a veteran. We're not sitting here with
17 a finite pocket of money trying to make those
18 same decisions.

19 And at the same time, we realize
20 that members of the Guard and Reserve may fall
21 into our other priority category of people who
22 might be underemployed or unemployed. This
23 might be an opportunity for them to gain an
24 opportunity to draw some meaningful employment

1 through our licensees or during the
2 construction process.

3 CHAIRMAN CROSBY: Sounds good.
4 Anything else on this? So, we'll put this out
5 and look at it again in two weeks.

6 MS. GRIFFIN: Great, thank you. So,
7 I'm also here to provide you a brief update
8 regarding the Access and Opportunity Committee.

9 You'll remember this is the
10 committee that the Commission charged with
11 monitoring the diversity during the design and
12 construction period. It brings together all
13 parties including unions, the licensees,
14 community members from both casinos. And it
15 meets monthly.

16 These groups provide strategic
17 advice as well as monitoring at a very close
18 level the diversity of the workforce and the
19 contractors.

20 The Commission launched the
21 committee at the end of March. Since then, the
22 Access and Opportunity Committee has convened
23 three times in May, June and July, meeting the
24 second Tuesday of every month. Our next

1 meeting -- We recently canceled the August
2 meeting. Our next meeting will be September
3 likely at the end of the month due to the Labor
4 Day holiday.

5 At each meeting we start with the
6 licensees reporting on the design and
7 construction activity to date, including labor
8 and vendor diversity. Both licensees also
9 highlight upcoming construction activity. And
10 while both projects are in their early stages,
11 the group is updated on the building of the
12 infrastructure to support the diversity. For
13 example, the hiring of a construction manager
14 diversity person or communication and outreach
15 that has taken place.

16 In our last couple of meetings, we
17 have introduced a discussion portion to the
18 agenda in addition to the statistical reports.
19 So, our July meeting highlights included a
20 discussion question, which was framed working
21 in partnership to achieve our collective goals
22 and objectives. What needs to happen to ensure
23 that the local community and diverse residents
24 of Massachusetts will benefit from the

1 construction of the casinos to the maximum
2 extent possible?

3 This was actually a really
4 successful discussion. We had participation
5 from all sides, all groups. Some of the
6 outcomes or suggestion that came for the
7 meeting was the discussion was a meeting -- set
8 up a meeting with the union business agents and
9 apprenticeship directors to further kind of
10 strategize on actions that can take place
11 regarding workforce diversity.

12 And also continued conversation
13 regarding the importance of subcontractors and
14 communication to subcontractors regarding the
15 diversity priority.

16 So, the shared meetings between the
17 two licensees have resulted in common learning
18 and shared ideas between regions, the unions
19 and the licensees. They've resulted in
20 refinements to the reporting templates to
21 include apprentice and journey level broken
22 down by trade.

23 Licensees sharing website
24 information and refinements to collect

1 information about potential construction
2 workforce folks. And a joint discussion about
3 where to send interested individuals. When a
4 person expresses interest in a union, who is
5 the point person that follows up?

6 It sounds like an easy discussion
7 point or an easy answer but it's something that
8 collectively across the state seem to be not a
9 clear answer. A community pre-apprentice
10 program, ask the licensees if their
11 construction managers who are currently bidding
12 on their projects could be asked to host
13 program graduates to get them on-the-job
14 experience prior to the casino construction.

15 So, some interesting things have
16 been bubbling up even given the three meetings
17 that have taken place. I know we're at the end
18 of the day, but I just wanted to provide you
19 with a brief update and we'll have another one
20 moving forward.

21 CHAIRMAN CROSBY: Good.

22 COMMISSIONER MCHUGH: Very helpful,
23 there's a lot of activity in that area which is
24 great.

1 CHAIRMAN CROSBY: There's been a lot
2 of participation by all of the parties. The
3 licensees are really committed to being
4 involved and participating and then senior
5 people come, same with the unions and obviously
6 the community group. So, it's been good.

7 COMMISSIONER ZUNIGA: It has been
8 great. One thing that has also been brought to
9 us in some anecdotal feedback is we ought to
10 think about having a good place for -- on our
11 website and continue to communicate.
12 Communicate as much as we can relative to the
13 developments of this Access and Opportunity
14 Committee but also the actual opportunities
15 that get discussed at those meetings, find a
16 prominent place. The licensees have a big role
17 in that, but we might also have a bit of a
18 role.

19 MS. GRIFFIN: Right. And we've
20 already started to think about that. And make
21 it easier to find those opportunities in the
22 reports that we put up on the website. That's
23 a really good point.

24 COMMISSIONER STEBBINS: I think it's

1 also important to remind everybody that the
2 meetings are open to the public. We keep
3 minutes. And people can access the meeting
4 electronically as well. So, you don't have to
5 drive out to Springfield or have to drive into
6 Boston to participate.

7 CHAIRMAN CROSBY: They've not
8 streamed, are they? No, they're not streamed.

9 COMMISSIONER STEBBINS: No. But you
10 can Skype in.

11 MS. GRIFFIN: We have
12 videoconferencing capability.

13 CHAIRMAN CROSBY: Great. Anything
14 else?

15 COMMISSIONER MCHUGH: No. That's
16 very helpful. Thank you.

17 CHAIRMAN CROSBY: Thank you.
18 Anything else on the agenda unanticipated? Do
19 I have a motion?

20 COMMISSIONER STEBBINS: I think we
21 covered it all.

22 COMMISSIONER CAMERON: Move to
23 adjourn.

24 COMMISSIONER ZUNIGA: Second.

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CHAIRMAN CROSBY: All in favor, aye.

COMMISSIONER MCHUGH: Aye.

COMMISSIONER CAMERON: Aye.

COMMISSIONER ZUNIGA: Aye.

COMMISSIONER STEBBINS: Aye.

CHAIRMAN CROSBY: Unanimous.

(Meeting adjourned at 4:33 p.m.)

1 ATTACHMENTS:

- 2 1. Massachusetts Gaming Commission August 6,
3 2015 Notice of Meeting and Agenda
- 4 2. Massachusetts Gaming Commission July 23,
5 2015 Meeting Minutes
- 6 3. Wynn Everett August Presentation
- 7 4. MGM Springfield August 6, 2015
8 Presentation
- 9 5. DRAFT Memorandum of Agreement Among
10 Massachusetts Gaming Commission, Blue Tarp
11 Redevelopment and Massachusetts Historical
12 Commission- DRAFT
- 13 6. MGM Springfield August 6, 2015
14 Presentation Massachusetts Gaming
15 Commission Request for Approval of
16 Construction Schedule
- 17 7. August 5, 2015 HLT Memorandum Regarding
18 Impact of the Interstate-91 Viaduct
19 Rehabilitation Project on the
20 Springfield/MGM Casino - DRAFT
- 21 8. Massachusetts Gaming Commission August 5,
22 2015 Memorandum Regarding Region C -
23 Licensing Process

24

- 1 9. August 6, 2015 Rush Street Gaming/Mass
2 Gaming & Entertainment Presentation
- 3 10. Amended Small Business Impact Statement
4 205 CMR 129
- 5 11. 205 CMR 129 Transfer of Interests - DRAFT
6 with attachments
- 7 12. Massachusetts Gaming Commission August 6,
8 2015 Memorandum Regarding Delegation of
9 Authority to the Director of IEB
- 10 13. Massachusetts Gaming Commission August 5,
11 2015 Memorandum Regarding Temporary Key
12 Gaming Employee Licenses Issued
- 13 14. Massachusetts Gaming Commission July 21,
14 2015 Memorandum Regarding Suffolk Downs -
15 August 8th , September 5th and October 3rd
16 with attachments

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1 GUEST SPEAKERS:

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3 On behalf of Wynn MA, LLC

4 Robert DeSalvio, Wynn

5 Jacqui Krum, Wynn

6 Chris Gordon, Dirigo Group

7

8 MGM Springfield

9 Mike Mathis, MGM

10 Brian Packer, MGM

11 Seth Stratton, MGM

12 Jeff Ciuffreda, Chamber of Commerce

13 Kevin Dandrade, TEC

14 Charles Irving, Davenport Companies

15 Jed Nosal, Esq., Brown Rudnick

16

17 Suffolk Downs

18 Chip Tuttle, Suffolk Downs

19

20 On behalf of Mass Gaming & Entertainment

21 Neil Bluhm, Rush Street Gaming

22 John Donnelly, Esq.

23 David Patent, Rush Street Gaming

24 Bill Carpenter, Mayor of Brockton

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MASSACHUSETTS GAMING COMMISSION STAFF:
Catherine Blue, General Counsel
Jill Griffin, Director Workforce, Supplier and
Diversity Development
Todd Grossman, Deputy General Counsel
Dr. Alex Lightbaum, Interim Director Racing
Loretta Lillios, Deputy General Counsel
John Ziemba, Ombudsman

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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 10th day of August, 2015.



LAURIE J. JORDAN
Notary Public

My Commission expires:
May 11, 2018