THE COMMONWEALTH OF MASSACHUSETTS

MASSACHUSETTS GAMING COMMISSION

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Volume V

COMMISSIONERS
Gayle Cameron
James F. McHugh
Bruce W. Stebbins
Enrique Zuniga

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BOSTON TEACHERS UNION HALL
180 Mt. Vernon Street
Dorchester, Massachusetts
PROCEDINGS:

COMMISSIONER MCHUGH: Good morning everybody. Welcome to the fifth session now of the 134th meeting of the Massachusetts Gaming Commission. We are set this money to pick up where we left off yesterday.

We left off yesterday with a decision that we would hear first of all this morning from the applicants to talk about their responses to our conditions. So, I think we will, unless there is some preliminary we ought to attend to, turn to that immediately. Any preliminaries? Are we ready to go?

COMMISSIONER CAMERON: Ready.

COMMISSIONER MCHUGH: And we said that we would go in the alphabetical order that we've been doing the presentations. So, that would be Mohegan Sun team first.

Good morning, gentlemen. I forgot to say this sort of timekeeping piece here. I said 20 minutes for everybody. We don't got a big timer. I've got this timer. So, that will be the official timepiece of the affair. And
we'll extend it slightly if we have questions
that cause you to overrun. But with that now,
finally, good morning.

MR. ETESS: Good morning and thank
you for the opportunity to address some of the
issues in our response to the proposed
conditions.

As you know, I'm Mitchell Etess.
I'm the CEO of Mohegan Tribal Gaming Authority.
And I'm joined here today by Doug Pardon, our
partner from Brigade.

It's been an exciting week I think
you can say, right, if not exhausting. But at
the outset, please know how much we appreciate
the thoughtful and diligent review of our
application by the Commissioners, your staff
and the consultants.

Allow me first briefly to outline
our remarks today. First, the premer of our
remarks follow the understanding of what the
Commission instructed us to do yesterday, and
they’re as follows: we’re going to focus on
describing or clarifying our response to the
Commission's proposed conditions that we
submitted Friday afternoon, and the reason behind our decision to craft those responses as we did. And we'll not comment in any way on elements of our application not addressed in that response.

As you know, we have followed the activities of the Commission closely and paid particular attention to the licensing conditions that were proposed for Penn and MGM. Therefore, we were prepared and did not object to the previous conditions that were the same as offered to Penn and MGM.

We also understood the conditions you proposed that were specific to our application, and wherever possible tried to assent to these conditions and even exceed them as part of the collaborative approach that we've tried to take here with the Commission since it came into existence.

In a few moments I'm going to speak to you about some of the issues related to our response relative to marketing but first, Doug Pardon is going to speak to you a little bit about finance. Doug.
MR. PARDON: Thank you, Mitchell.

Once again, Mohegan Sun and Brigade thank the
Commission for its careful deliberations on
these issues and for the chance to clarify the
information contained in our response to the
proposed licensing conditions filed last
Friday.

Today, we hope to address any
specific questions that the Commission and/or
its staff may have regarding our revised
financing condition as submitted on Friday.
Brigade has sought to be a good and
collaborative partner both with Mohegan Sun and
the Commonwealth on this exciting destination
resort casino.

We listened carefully to the
Commission’s discussion last week and the
thoughts that led up to the financing
condition. With our response, we were not just
looking to alleviate any concerns the
Commission had but hoping to eliminate them.
Which is why we not only accepted the proposed
conditions but added additional conditions to
strengthen the finances of our project even
We were also attempting to demonstrate our commitment and our confidence in this project and its ultimate success. We were doing that by agreeing to more than double our commitment and dollars to this project. Brigade is more than doubling its commitment.

In our response, we noted that we would include an additional $150 million in equity for the project. This would be achieved through a combination of contributions to funded common equity of $50 million, a $50 million common equity guarantee, which I will discuss in detail further and an additional $50 million of preferred equity on top of the $100 million dollars as a sign of our commitment to this project.

In addition, with respect to the $50 million of preferred equity, actually the now $110 million of preferred equity we have agreed to reduce the dividend rate on that $110 million investment by 20 percent, from 15 percent to 12 percent, increase the term of that investment to 20 years, which is outside
the licensing period of 15 years, and agreed to recuse ourselves from any decision with respect to the redeeming of that investment.

We heard concerns related to the preferred equity and we attempted to address those with those modifications.

With respect to the $50 million equity guarantee that was discussed yesterday, I'd like to provide a little context around that decision to structure it that way and why we did it and to give you the confidence that it's $50 million of common equity, cash available in the form of common equity with no dividend rate, no hidden fees, just pure common equity for the project.

It was important to us to attempt to maintain the ownership splits as we've constructed them with our partner Mohegan Sun. So, that was something that was there. And when you think about that if we provided an additional $50 million of common equity upfront, Mohegan Sun's ownership gets diluted.

What we tried to do here, and it's important to know that this is a common
structure that's used in project finance deals was provide an incentive. The $50 million is there but it provides an incentive for Mohegan Sun who is constructing and operating the project to come in on time and on budget.

So, therefore if the $50 million because we've had 150, and we'll talk about our comfort with the financing, ultimately isn't used, their ownership percentage stays at 40 percent, which is incredibly important to them and it provides an incentive.

But on the downside, the $50 million is there to complete the project in common equity. It's available on day one upon award of the licensure to spend towards the project in the form of $50 million of common equity.

It's guaranteed by one of our funds, Brigade Leveraged Capital Structures fund. That fund has nearly $5 billion in investments backing that guarantee. So, it is clearly common equity. It's guaranteed. And it is there to fund the project.

And that's some context of why we structured it that way. And we think it has
the best of both worlds in terms of adding incentives to get the project done on time and on budget, but at the same time adding the protections that the Commission was looking for.

The last thing I'd like to address before turning the podium back over to Mitchell has to do with our financing partner Bank of America. We wanted to thank the Commission staff and their consultants for agreeing to a meeting with Bank of America, and to hear from them about their commitment that they provided to this project, to hear about their confidence and comfort with the financing proposal as it had been originally submitted with RFA-2 and further clarifications, but then to hear from them with these added enhancements they are even more confident in this proposal.

What we heard from Bank of America or what Commission staff and consultants heard from Bank of America was a little bit about their credentials. Bank of America is the number one lender and arranger of casino financing in the United States.
We heard about, the Commission staff and consultants heard about what it is that that bank looks for in terms of lending to these projects and what institutional debt investors look for when lending to these projects. Things like cash flow and the amount of cash flow that the project is expected to throw off.

And they heard about other casino project finance construction deals have gotten done in recent times and heard about how there are projects that are not as strong as our project, whether from the cash flows that they can generate or projects have less debt-to-equity ratios than what we propose, and how those financings had little to no trouble getting done and the strengths of this project, and why they were very confident about this project.

In addition, we talked a little bit about being able to have the financing ready to go on award of the license I guess subject to the referendum. So, Bank of America would go to market in between now and the referendum and
would be able to place the $735 million of funds into escrow. That is something that they do on a regular basis.

So, upon award of the license in early November, we had talked about having -- the Commission had talked about having $45 million of equity available, we are not talking about $195 million of equity available and the full $735 million of financing from Bank of America available for the project.

So, I'm going to turn the microphone back over to Mitchell to talk about the other conditions unless there are any questions. But I would like to say that Mitchell is now going to talk about marketing and the enhancements to the marketing conditions that we talked about.

But we really do view this as a partnership. And what we have done on our end of the partnership is more than double our commitment to this project in terms of dollars. We view that as a strong commitment. I think Mitchell will say the same thing. What Mitchell is about to talk about now is their commitment to this project.
We think that the marketing enhancements that are being made, the restrictions that are being rearranged and changed that he's going to go into and that was detailed on Friday show their commitment.

And from the financial partner here who this is an investment and looking to get a return on investment for that we cannot underestimate how big these changes are. We're excited about them. We were excited before but this only goes to enhance the financials and the economics of what this investment means for us. And with that I'll turn it over to Mitchell to discuss that.

MR. ETESS: Thanks, Doug. So, I'm going to talk about clarifying and amplifying the reasons behind our response to the proposed conditions relative to the marketing plan.

I'd like to start with the protected zone. The driving goal behind this response was to assure the Commission and the Commonwealth that Mohegan Sun MA will be aggressively marketed leaving no state, no coast or no country uncovered. We do this in
two ways.

    First, as was explained in our
letter, we've increased the protected zoned to
include the entire Commonwealth of
Massachusetts, all of New Hampshire, all of
Rhode Island and all of Maine.

    Second, to further respond to the
Commission's concern in addition to the
protections, we've committed that any gaming
promotion offered at any Mohegan Sun property
whether Mohegan Sun Connecticut, Mohegan Sun
Pocono Downs, Resorts Atlantic City or any
property that we may operate in the future in
any state, any of those gaming offers will be
valid and redeemable at Mohegan Sun MA and
marketed as such.

    So, when you receive your offer it
will say whether it is a Pocono Downs offer, or
a Resorts offer or a Mohegan Sun Connecticut
offer, it will say this offer is also good at
Mohegan Sun MA and feel free to bring it.

    This is going to give the
Commonwealth additional protections and
opportunities in states throughout the
Northeast, not only including Connecticut, which you talked about but the very fertile markets of New York and Pennsylvania where our brand is extremely strong and we are very powerful in the marketplace. Those are great markets for Massachusetts, as you know.

Now you'll also note that we proposed a condition related to marketing of our own. This speaks to our commitment of both high-end play and national and international marketing.

We are pleased to hear the Commission note that we currently operate the highest grossing gaming casino in the Western Hemisphere and have for some time. You don't get to that point by marketing to only on an hour level or basically in a small way. We bring in high-end play all of the time.

In retrospect, I think we regret including a very conservative study of the market with our RFA-2 application, the PKF study which we've heard a lot about. Again, for the record it was just that. It was a study.
We relied on it for some things. We didn't on others. It's not our marketing plan. As Commissioner McHugh noted, yesterday with our application, with our clarification responses and our response to the questions from the host community hearing we in fact provided a marketing plan and much more detailed on our plans and projections.

Among those was a projection that as much as 25 percent of our visitors will come out of state, 25 percent.

You saw our high-end gaming facilities when you toured our Connecticut. And you know we have the experience and the ability to perform extremely successfully in that area. There is also no doubt that our outwardly facing model that looks out into the Greater Boston area as well as location right next to Logan Airport is the right mix to attract these visitors. And we are completely committed to maximizing the tourism effort as well.

But we understand the Commission would have liked us to develop more concrete
national and international tourist marketing. And our new condition addresses that concern.

We have a thoughtful approach that we began developing during the application process that includes concrete strategies to attract two types of justice, the national and international tourists and the national and international gamers.

The first of those visitors come to Boston because this is in itself a very special city. It's a destination into itself. We'll develop the right plan to make sure existing tourists combine their trip to a convention or a conference or a college or historic Salem with a trip not only to Mohegan Sun MA but also to Revere Beach and the hundreds of local businesses that we've partnered with in our Momentum Program.

We'll also insure that we work collaboratively with the local organizations to guarantee that Mohegan Sun MA will be presented as a destination that it will be and market it as another key attraction in itself into the region.
The second group is high-end gamers.

We'll provide the right plan to get them here through our partnership with Track Asia and our opening of player representative offices in targeted markets that we've mentioned to you, so, China, Brazil, Turkey and several others.

And please remember, I please ask you to remember that the Mohegan Sun authorization has been driving high-end play to the Northeast for almost 20 years.

We do understand the Commission's concern that these plans may be lacking some meat on the bone. That's fair. So, therefore, we propose that (1) within 30 days Mohegan Sun MA and an independent consultant chosen by the Commission will review Mohegan Sun MA plan for marketing to visitors outside of Massachusetts. (2) The consultant will suggest changes and additions to the plan and present these additions and changes to the Commission and the Commission must approve this plan as a condition of licensure and will annually monitor our performance.

Again, we express our most sincere
gratitude to you. And I'm very happy to answer
any questions that you may have. Thank you
very much.

COMMISSIONER MCHUGH: All right.

Thank you both. Questions from the
Commissioners? Commissioner Zuniga.

COMMISSIONER ZUNIGA: Yes. You'll
remember yesterday we had a little discussion
relative to what that equity guarantee, the $50
million equity guarantee how that tied with or
whether it did with the backstop commitment
that you provided on other financing pieces.
Could you expand a little bit more on that how
does that tie together?

(Loss of power. A recess was taken)

COMMISSIONER MCHUGH: This shows
that we can't plan for everything. All right.
Ready to go. Let's resume remembering that the
watchword for this entire process is expect the
unexpected. Go ahead.

COMMISSIONER ZUNIGA: Do we have the
stream back on? What about the screen up here?
Thank you.

COMMISSIONER MCHUGH: Okay.
Commissioner why don't you restate your question because we don't know when exactly that went down.

COMMISSIONER ZUNIGA: After this power break, my first question was relative to the equity guarantee. You stated that there's $50 million more of equity in the form of a guarantee. How does that relate to the backstop notion that you had provided for other funding items?

MR. PARDON: Sure. So, the $50 million equity guarantee is an incremental $50 million. It is an entirely new financing and commitment that we're bringing to the project.

I just want to touch on the backstop financing because I do think there was some confusion yesterday about that. The purpose of the backstop financing, while they probably added some confusion, which was not our intended consequence, it was really meant to provide comfort. So, what we wanted to show was that every dollar in the project had been
accounted for and was coming from a funding source.

So, the two components that make up the backstop for the financing for the slot machines or the FF&E in the casino as well as the third-party hotel. It is our intention and it was our intention then and it continues today to go out and raise funding for those sources, possibly through a lease arrangement with respect to the slot machines and with a loan with respect to the hotel.

But what we wanted to do is we didn't want to be here and say and answer the question well, what happens if you can't get the lease arrangements for the slot machines or what happens if you can't get that money for the hotel?

We wanted to provide the assurance that it was there to the extent that those funds would not be available in the market. So, that was the concept behind the backstop financing. And that money is there. There were two separate commitment letters that were submitted with respect to that. I believe they
were submitted sometime in April with respect
to a clarification question.

And this $50 million is new. And it
is common equity, and it is unrelated to the
backstop financing. So, the grand total here
we're talking about was 110 million in our
original equity commitments, 135 million in
backstop which was provided and then an
additional 150 million in new equity financing
that we're talking about today for a grand
total of $395 million.

COMMISSIONER ZUNIGA: Can I ask, I
know you will or Bank of America would go to
market as soon as -- to raise the 732 million
that you assume. Could you share with us the
rate of interest on that borrowing?

MR. PARDON: Sure. The rate was
provided to HLT and Commission staff on last
Thursday at the meeting, I believe.

COMMISSIONER ZUNIGA: Again, I put
it in this term. Higher or lower than 12
percent, the amount that you now have of
preferred equity.

MR. PARDON: I request the ability
to come back, but I believe it's around eight
percent on the Bank of America debt.

COMMISSIONER ZUNIGA: So, you're
still assuming that you would borrow 732
million.

MR. PARDON: That was what we
contemplated. We wanted to provide assurances
that there was another $150 million. That was
sort of unclear to us with the condition
whether you were looking for us to lower the
debt by the 150 million. We kind of left that
open.

The commitment is there for 735. As
of right now, we feel like it would be prudent
to have the extra money there to deal with
unforeseen issues in their eyes. We left it
open, but that's our intention. And we'd be
more than willing to discuss with the
Commission about how they felt about that.

COMMISSIONER ZUNIGA: But it could
be fair to say that if you could get money at
eight percent would be better for the project
than at 12 percent.

MR. PARDON: Correct. We would be
willing to work with the Commission to reduce
the preferred investment now that there's more
common equity in the project. We would be
willing to work with you. What we wanted to
show was we now have an additional $150 million
to spend towards the project and get it
financed. We'll do what's best for -- what we
think collaboratively, working collaboratively
with the Commission on what is the ultimate
best financing structure if that's something
that's important to the Commission.

COMMISSIONER ZUNIGA: Okay.

COMMISSIONER MCHUGH: All right,
thank you.

COMMISSIONER ZUNIGA: Thank you for
your questions.

COMMISSIONER MCHUGH: Commissioner
Stebbins.

COMMISSIONER STEBBINS: Just one
quick question. It's relative to the marketing
drawing more outside visitors, setting the PKF
information aside. You talk about 25 percent
of your visitors coming from out-of-state. Do
you see that 25 percent as being a combination
of people you're marketing to plus people that are already here visiting Boston for whatever other reason?

MR. ETESS: Yes, I think it's a combination thereof. I think we will have the power of our database and the loyalty we have. Especially, New York and Pennsylvania are very big states for Massachusetts. And they're our loyal customers. And the power of our database to drive a lot of business here.

But additionally, we intend to be very aggressive working with the local regions with marketing with our Momentum partners to make sure that people who are coming into the city are coming in and that starts by making sure that Mohegan Sun MA markets as that it's one of the great attractions of Boston that it will be. So, the answer is both.

COMMISSIONER STEBBINS: Thank you.

COMMISSIONER MCHUGH: Commissioner Cameron?

COMMISSIONER CAMERON: No questions, thank you.

COMMISSIONER MCHUGH: I have no
question either except that the meeting between
Bank of America that you described was a
meeting between Bank of America and you and
staff. It was not a meeting with the
Commissioners.

MR. PARDON: That is correct.

COMMISSIONER MCHUGH: Okay. Thank
you very much. All right. Let's proceed to
now the Wynn applicant. Good morning.

MS. SINATRA: Good morning. We have
a few slides. Jacqui is going to run those.

Members of the Commission, thank you
so much for inviting us to the microphone.
We've been like the eager student in the back
of the room waving our hand for the last couple
of days. I am sure Mohegan Sun felt the same
way. So, we appreciate the opportunity to
clarify some of the responses that we made last
Friday to the 86 conditions that we received on
Wednesday.

What I'd like to start off with is
to try to give you an overview of our approach
toward our business because that's exactly the
way we approached the conditions. And our
approach to our business is one of incredible discipline. We consider ourselves to be meticulous and I'm sure you can identify with incredible attention to detail.

By approaching our business that way, we have been able to achieve the financial wherewithal that you have all noted. We have been grateful sitting here listening to your appreciation for the balance sheet that we have built. And we have built that balance sheet dollar by dollar over the past 12 years of operating this company when we began at Wynn Las Vegas. That started after 27 years of Mr. Wynn's work at Mirage and building that company.

We use that discipline to make sure that everything we consider we do in a way that continues to build our wherewithal and our ability to perform. We know and are confident that notwithstanding the vagaries of the global economy that we will be able to deliver for the Commonwealth of Massachusetts the statutory mandate.

That mandate includes creating jobs,
driving revenue and creating economic
development. So, when we think about how we
approach what we do in Massachusetts, we are
guided by those principles. We have used those
principles in Las Vegas in a very, very
competitive market. We operate in two of the
most competitive markets in the world, Las
Vegas and Macau.

And while there was lots of talk
about who had the highest grossing casino in
the Northern Hemisphere, I might point out that
we consider and we look at our business at
total revenues. While we may have been about
$30 million short of the gaming revenues of
Mohegan Sun in the past 12 months, our overall
revenues were 60 percent greater at $1.6
billion.

We care a lot about those non-gaming
revenues because they identify for us the
quality of our customer, the quality of our
business. And that is the business that we
intend to bring to the Commonwealth of
Massachusetts.

So, the conditions that we wanted to
talk about and give you a little bit of understanding of our thought process are basically in two buckets. The first one is relatively straightforward is building and site design.

We accompanied our markup of the conditions with a four-page letter from Mr. Wynn. The Commission construed the letter, and I think other people did too, as a pushback to any comments about the design. In fact, we could've said we accept. We wanted to actually in the letter give you a little bit about our thought process.

The reconsideration of that tower began when the comments from the Commission were first noted on Monday of last week. So, Mr. Wynn and DeRidder have spent countless hours thinking about that tower and responded and are ready to respond to your comments and your desire for a tower that looks more like Las Vegas.

So, we will be prepared within short order if we are lucky enough to be designated to provide you with our updated thinking in
that area.

Let's move next to the slightly more complicated Boston Charlestown relationship. First of all, we want to let you know that collaboration is a value that is important to us. We wouldn't have been as successful as we are around the world with multiple partners being governments, nonprofits, employees and shareholders if we weren't collaborative at our nature.

I will tell you that sometimes discipline and passion is taken for unfriendliness or lack of collaboration, but that is not our intent. And it is not borne out by our conduct. I think that you will be able to make a conclusion about your applicants about how they've dealt with you over the past several years.

I know that I personally have been working in the Commonwealth of Massachusetts for about a decade on this matter. But we have worked diligently with the Commission and the stuff as well as our surrounding communities, our local business partners to try to be
successful in the Commonwealth and we intend for that to continue.

We of course would have preferred a consensual surrounding community agreement with the city of Boston. As you've been party to that's been really difficult. And I think there are a couple of reasons for that. Is that we have straddled two mayoral administrations. Before we came on the scene, the previous administration had been really vocal in support of the competing project. Although its makeup was different, it was the competing project.

So, we didn't have a whole lot of success in negotiating with Mayor Menino and his administration with respect to certain mitigation topics.

When Mayor Walsh was elected, he came into the middle of a half advanced process. So, I think that was probably difficult for him and his administration to figure out exactly how they wanted to approach it.

And we've been relatively strict in
our adherence to what we are trying to achieve in a surrounding community agreement. Pursuant to the statute and pursuant to the dictation of the Commission is we have focused on mitigation in a surrounding community agreement and solely on mitigation.

    Post decision, if we are lucky enough to be designated, one of the first calls will be to Mayor Walsh. And we are hoping that we can at the end of the day get to a place where we are all in agreement on what should happen with respect to Sullivan Square and overall mitigation vis-à-vis Boston.

    Sullivan Square has become the dominant topic in the overall mitigation with Boston. We look at it not only as the dry commitment that we have made on paper with respect to money but an overall holistic approach to managing traffic.

    Frankly, it is not in our interest to invest 1.6 billion and be left with a transportation surrounding that does not work. So, when we looked at overall transportation, one of the things was to reduce cars through
that intersection.

We mean to achieve that through the combination of us lots of strategies including water transportation, shuttle buses, park and rides, employee shift modifications, off-site parking for employees and enhanced pedestrian and bike access and connectivity to the surrounding area.

The MEPA process has been incredibly demanding, complete, expensive. And it has included lots of attention to Sullivan Square as well as many other intersections throughout the region.

It includes a very robust transportation demand management program applicable to both patrons and employees. We know that you are very familiar with how those plans work and probably the details of our plan.

There is accountability under MEPA to the Department of Transportation and the other involved agencies on that plan. So, we are held throughout that process to accountability. And we would be very willing
to include the city of Boston and the Commission in the reporting and accountability under those plans.

Let's advance, Jacqui, to our slide. Maybe we can try to get straight the economic part of this and what we've offered and frankly share the pain of the journey that we have ridden thus far on the Sullivan Square mitigation.

So, the way we started this process was as required by the Commission is we had lots of conversations with the city of Boston, its representatives. Those were running parallel to the process that we were running through MEPA and with the Department of Transportation.

But when it became clear that we were unable to get a surrounding community agreement signed up with Boston, we prepared to do arbitration pursuant to the rules articulated by the Commission.

And so part of that process as you well know, is the development of the now infamous BAFO, best and final offer. We had
some experience with BAFOs because we actually arbitrated two of our surrounding community agreements. We prevailed in those arbitrations. And we think it's because we are very, very thoughtful in how we constructed the BAFOs.

We wanted to meet all of the mitigation requirements of the Commission and the law. And we wanted to make sure that they were supportable by hard evidence. So, that was the same process we went through in formulating the BAFO for Boston.

So, just to review that included $1 million upfront payment, total annual payments, and I'm going to aggregate these because Commissioner Cameron and we look at these slightly different, total annual payments of $39 million over the 15-year period, basically 2.6 million a year.

In addition, there is what we call phase one improvement to Sullivan Square. That's a $6 million traffic improvement that should be the very start of the ultimate long-term solution. One of the struggles here is
that there is -- notwithstanding as
Commissioner McHugh pointed out for us, a
decade worth of conversation, there really
isn't a plan that is currently being
implemented for Sullivan Square.

We have seen and reviewed in depth
the consensus plan that the citizens of
Charlestown seem to support. We are happy to
support and hopefully act as a catalyst for the
long-term implementation of that plan. And we
designed our mitigation to begin that plan.

We didn't want to do something that
was a Band-Aid that didn't support the long-
term plan. We spent a lot of time and effort
trying to engineer something that supported the
long-term plan. That's the $6 million.

So, we started out with a BAFO that
looks like $46 million. That went under a lot
of scrutiny by the Commission and its
consultants. So, last week as Commissioner
Cameron articulated her review and suggestions
with respect to the BAFO, she maintained the $1
million upfront payment.

The total annual payments, she took
the entire 39 million, 15 of which we had
designated for Sullivan Square toward other
mitigation for Boston, and added an incremental
requirement that we fund 10 percent of the
ultimate cost of Sullivan square.

It's currently and I think it's a
very back of the envelope look like 100
million. Commissioner Cameron like we, wanting
to make sure that she understood the upside or
downside of that potential cost, so that could
range from $10-$20 million.

She retained the $6 million initial
fix at Sullivan Square and came up with a total
payment of between $56 and $66 million over
that period, in addition introduced something
called the traffic reduction payment.

It was described to us as, be
positive, it's an incentive. We looked at it a
little like a penalty because we actually never
got any money back or a benefit for doing a
good job and meeting our projections. But we
were assessed $20,000 a car if we missed our
projections on traffic.

One of the things that our financial
discipline brings us to is not agreeing to
open-ended economic commitments that could
jeopardize the stability of our enterprise.
So, that was an uncapped liability. There were
some examples given but there was never a cap.
So, we were uncomfortable with that.

We went back and in our considered
response to the conditions may have outsmarted
ourselves. But what we came back with on
Friday was, in the far right column, which we
increased the upfront payment to beyond what
the Commission had requested with an additional
$1.75 million.

And we thought that could be
additional planting or seed money for Sullivan
Square. We reallocated and increased the
annual payments to an aggregate of $54 million.
So, we went from 39 to 54, 22.5 of which was
dedicated toward this long-term fix of Sullivan
Square.

We maintained our $6 million initial
improvement at Sullivan Square. And we ended
up right in the middle of Commissioner
Cameron's range with $62,750,000 of committed
money.

    We did not address or accept the condition of the traffic reduction payment. We tried to achieve what we thought were the Commission's goals of additional money for Sullivan Square while taking off the business risk that we were uncomfortable with.

    So, we listened yesterday and we went back and talked among ourselves for a really long time to try to get to the collaborative skin in the game attitude that we thought the Commission was asking us for.

    So, today we are here and we started. We are here to walk through another scenario, which is starting with the Gaming Commission's proposed structure. So, we have the $1 million upfront payment that Commissioner Cameron had requested.

    Our annual payments towards non-Sullivan Square mitigation are 24 million. And then we increased the commitment to Sullivan Square to $25 million over the term. We've maintained our $6 million initial fix for a total of 56 in committed payments.
But we have agreed to the traffic
reduction payment construct with hopefully a
twist that enables us all to feel comfortable
with it. We have $20 million in this chart.
We think of it as a $2 million cap every year
based on the Commission's methodology as
outlined in the conditions that were circulated
last week.

That was for a 10-year period. So,
we mimicked that 10-year period. We bring then
the total commitment to $76 million from the 46
we started with at the BAFO.

So, that seems like a lot of talking
and a lot of treading of ground. So, we tried
on this slide to summarize where we ended up in
a way to respond to the Commission's desires
with respect to Boston and Sullivan Square.

So, we've ended up significantly
increasing our mitigation payments. We will
agree to a look back condition that is
consistent with our other surrounding community
agreements. We did not appreciate the
technical situation that Boston found itself
in. Without a surrounding community status,
they weren't entitled to the look back that is inherent in the statute.

So, we would be prepared to agree to that consistent with our other surrounding community agreements. We're happy to include the Commission and the city of Boston in our traffic demand management plan. We will copy them on the reports, include them in a consultative basis with respect to our accountability under the DOT mandated process.

And the last thing that I wanted to touch upon was something that I think Commissioner McHugh mentioned yesterday. And that was this payment mechanism and the scary nature of having the Commission try to administer the funds. We actually did that in the interest of achieving what we thought was a goal, which is that mitigation money gets spent for mitigation.

So, we thought that unless and until we get Boston at the table that we would pay that money to the Commission. If the Commission would like the X Sullivan Square money to go directly to the city of Boston even
without an agreement, we are amenable to that.

We were actually trying to make it better.

We would like to maintain the
Commission's suggestion with respect to the
escrow on the Sullivan Square funds. So, that
brings me to the end of my monologue.

COMMISSIONER MCHUGH: Well, thank
you.

MS. SINATRA: Before we finish, I
guess Governor Weld would like to --

THE HON. WILLIAM WELD: Thank you,
Ms. Sinatra. Members of the Commission, my
name is William Weld. I represent the
applicant Wynn MA. Just a couple minutes if I
may.

I've been dealing with the
management of Wynn MA for the last two years.
The company has something of a reputation as a
blue-chip within the industry. I think it's
earned.

In dealing with these folks you take
a bite of sirloin, you take another bite, it's
still sirloin. It doesn't vary. And I think
the record speaks for itself. But I think you
will find examining their performance in other jurisdictions that they've been pretty much a model corporate citizen and very generous to the community in every jurisdiction in which they've operated.

In this instance, the company is also hugely incented both economically and as a matter of quality to participate to the hilt in any public process whether it's MEPA or Monsanto or Sullivan Square because these all relate to the guest experience of their guests. And that's sine qua none for this organization. They're focused with laser like intensity on the guest experience. So, I think you can regard them as very much incented to the kind of participation that I know is of interest to the Commission.

I've been in and around government and the city of Boston for 30 years. And I've had a good working relationship with whoever was the mayor from time to time and expect that to continue.

From time to time, you do run into situations in local and state politics where
there's gridlock and people have their teeth on edge. And the process in Sullivan Square for example has not been entirely fruitful the last 15 years. There's been federal government money available but for whatever reason there's been a lot of studies, not too many shovels in the ground.

I think I would recommend to the Commission that they keep their ore in here and that you retain jurisdiction as it were. I do think that in politics when a matter has everybody's attention, it tends to yield to goodwill and get resolved.

But I think there is nothing like retaining jurisdiction to create the leverage to make sure that the matter continues to have everybody's attention.

We can report to the Commission quarterly, monthly. This is what we did when we filed suit in 1983, a long time ago, to clean up Boston Harbor. We made periodic reports to the court.

There have been similar gridlock there. Neither the house nor the Senate at the
state level wanted to appropriate the money to clean up Boston Harbor, which was filthy. And everybody knew it. But the leadership had other priorities for the public money that would be involved because it was an expensive fix, but as a result of all those reports of the problem did get fixed. So, I would view --

COMMISSIONER MCHUGH: Mr. Weld your time is up. So, if you'd bring it to a close, I think we have some questions.

THE HON. WILLIAM WELD: I will close with this sentence, Your Honor. I would view the award of the license to Wynn as a potential catalyst to result in the cleanup not only of the Monsanto site, but the focusing of everyone's attention on traffic problems such as Sullivan Square and get those fixed as well. Thank you.

COMMISSIONER MCHUGH: All right. Thank you. Questions from Commissioners?

Commissioner Cameron.

COMMISSIONER CAMERON: I actually think I followed the presentation and understand what Ms. Sinatra is talking about
with the new condition. So, I thank you for
that explanation. No questions.

COMMISSIONER STEBBINS: Just I want
to make a point and just make sure I am clear
on this. As we looked at all of the back and
forth on the numbers, the $6 million for the
immediate solutions to Sullivan Square may be
required by MEPA has stayed consistent.

But there's some element that as it
was referred to me that's a plug-in number.
So, whatever MEPA essentially comes back and
tells you you need to do to come up with a
short-term solution that dollar amount could go
up or down.

MR. DE SALVIO: That's correct.
We're required to do the mitigation as the plan
is laid out whatever the cost might be. So,
until the final bids are done, we won't know
the actual cost of adding traffic lights and
doing any sort of widening.

But our commitment is to do the plan
that is agreed-upon ultimately with MEPA, the
DOT, the city of Boston and whatever that cost.
If it's 6 million great. If it's less than 6
million fine. If it's more than 6 million, but
the answer is that we will do the mitigation as
required.

COMMISSIONER ZUNIGA: Can I just go
back to that chart, Ms. Krum. The annual
payments in the second line of 24 million have
been restored, I believe, Ms. Sinatra, you
characterized them as non-Sullivan square. But
remind me would those be available to the city
in case the city wanted to use those for
Sullivan Square mitigation.

MS. SINATRA: Theoretically, they
would be. There were categories in the BAFO
that included allocations for water
transportation, public safety, which I know is
of concern to the citizens of Charlestown, to
Charlestown nonprofits and to traffic.

We are not particularly wedded to a
strict appropriation according to those
buckets. So, if the city of Boston requested
that all of their money be spent in that way, I
suppose it would be okay with us although we're
quite committed to the citizens of Charlestown
to get a special benefit. So, we have set
money aside for them.

COMMISSIONER ZUNIGA:  Okay. Thank you.

COMMISSIONER MCHUGH:  I'm having a little difficulty as I have as these numbers have come in translating the monthly sums to annual sums, and seeing where the differences are, because there is a difference between the Commission's overall proposal and the proposal that's now on the table.

We came up with a total range including Sullivan Square of, and taking into account a worst-case scenario or a hypothetical scenario with respect to the traffic reduction portion. We came up with a range of 55 to 105 million over that period of time. 31 Million to 81 million of which was for the Sullivan Square portion including the 6 million for the initial short-term repairs.

And this now comes up with a figure, a fixed figure no range. Well, really a range depending on how the traffic reduction payment works of $76 million which is up from the response which was 62 million.
I am still not clear as to where all of the differences lie. And you've done this thoughtfully and carefully. So, why don't you tell me where they lie.

MS. SINATRA: I'll see if I can help you. Most of the difference relates to the traffic reduction payment. I would characterize our range as being from 56 to 76 depending on how much traffic reduction payment ends up coming in.

COMMISSIONER MCHUGH: Right.

MS. SINATRA: So, we end up on the low end of you fixed range that Commissioner Cameron had suggested. But we have bought into an additional potential $20 million if our projections are wrong because we understood from yesterday that the Commission was interested in making sure that we lived or died by our projections.

So, you had an open-ended which is how you got up to 106 million. And that really wasn't even a closed range.

COMMISSIONER MCHUGH: That's right.

MS. SINATRA: Infinity was the
closed range, I think, depending on how many
cars you could actually count. So, I think
that that accounts for the difference.

COMMISSIONER MCHUGH: How does your
traffic reduction payment work?

MS. SINATRA: Just like yours, it
just has a cap.

COMMISSIONER MCHUGH: So, a level
would be set based on the permitting.

MS. SINATRA: Yes.

COMMISSIONER MCHUGH: The traffic
would be measured.

MS. SINATRA: Yes.

COMMISSIONER MCHUGH: And then
there'd be a penalty of whatever with a cap of
$20 million.

MS. SINATRA: Over the 10 years,
yes. We looked at it as $2 million a year.
And we kind of thought the 20,000 was arbitrary
a car, but we in the interest of collaboration
and listening, did not decide to tinker with
that.

COMMISSIONER MCHUGH: The $20,000
was -- I take your point. Okay. The look back
condition consistent with our surrounding community agreements, tell me about that.

MS. SINATRA: The statute provides for a look back based on a "triggering" event. So, there are three articulated reasons why a re-opener could happen in a surrounding community agreement. We adopted that in our other surrounding community agreements. We had proposed that for Boston in our initial surrounding community agreement.

The Commission came back with a much more aggressive version of that. We understand the statutory requirement. And we are happy to live by it. And frankly, Boston would not be able to claim the benefit of that statute just because of the technical removal of them as a surrounding community.

So, we wanted to address your concern about reopener, but we wanted to address it in a way consistent with the rest of our surrounding communities.

COMMISSIONER MCHUGH: The look back provision that we had as a condition that we sent to you was a very different animal. It
was a periodic look back at certain conditions. A determination by the city with your participation as to the economic consequences of your activity and then a payment by you for unexpected activities -- unexpected impacts, adverse impacts that arose.

And the look back condition you're talking about is basically reopening the agreement to take a look at things in the event of some unforeseen event that's described in the statute.

MS. SINATRA: That's correct.

COMMISSIONER MCHUGH: So, it's a different approach to a similar problems.

MS. SINATRA: It's a different approach consistent with all of our other surrounding community agreements, and I think probably more favorable to the community than for example, the MGM look back allows netting of positive effects against negative.

We also reviewed very carefully your proposal, the Commission's proposal and it dealt with things like water, sewer, storm water, construction noise. So, water, sewer
and storm water are all Everett based. We're using Everett utilities and we're mitigating all of that. There is no Boston involvement with respect to those topical matters.

With respect to construction noise, it'll be over before the look back period would have been relevant. We also have a comprehensive plan and are required under various of our permitting to have a construction noise program, a program with respect to the handling of the environmental contamination that comes out of the site.

So, the state regulatory rubric is really robust in those areas. And we are hopeful that -- we did agree that to have the public outreach that the Commission has requested for Charlestown in those areas. So, we're hoping that through that process we can adjudicate and address any concerns that arise.

COMMISSIONER MCHUGH: You had not addressed, but I want to ask you about the requirement. And it was mischaracterized in the terms you were given for a timeline for permitting. That may have led to some
confusion.

The intent was to impose a condition that you get if you're the licensee the permits required for the Sullivan Square interim improvements by July 1, 2015.

MS. SINATRA: Part of our discipline involves understanding what we are in control of and what we are not in control of. So, the way we responded to that condition, which came across as if we did not obtain all conditions -- all permits necessary from the city of Boston by July 1, 2015 we forfeited our license.

COMMISSIONER MCHUGH: Let me just interrupt there. That's true of any of these conditions that ultimately are in there. In that sense, it was no different than any other condition.

MS. SINATRA: Correct. So, notwithstanding everybody's good faith, we have had not a lot of success thus far with the city of Boston.

So, what we did commit to and our response included is a commitment on our part
to complete all applications for permits for
Sullivan Square, which we thought is what you
were worried about, within 90 days from the
effective date of the license, to vigorously
pursue the issuance of those permits, and to
take whatever action is available to us to get
those permits issued.

Otherwise, frankly, we were putting
ourselves at the mercy of the city of Boston
arbitrarily withholding those permits and
causing us to forfeit an investment at that
point which would be several hundred million
dollars. It's a place that we didn't feel
comfortable.

THE HON. WILLIAM WELD: Right. As a
legal matter, Your Honor, I would think one
would have to all for the possibility of a
permit being unreasonably withheld, a
deathwatch leading up to July 1.

COMMISSIONER MCHUGH: I understand
that. I understand that. But from the
Commission's standpoint and I think we made our
points clear during the presentations, the
specter of a process dragging on for years
without any shovels in the ground is not one
that I at least look at with enthusiasm.

    MS. SINATRA: Nor we.

    THE HON. WILLIAM WELD: Nor we.

That's why we recommend the reporting
mechanism.

    MR. DE SALVIO: And I might add
neither does Mayor Walsh. He even said so
publicly last week that the last thing he ever
would want to be viewed as was holding up any
of those permits.

    So, I think we're going to get the
full cooperation of the city and welcome the
opportunity to work with them.

    COMMISSIONER MCHUGH: All right.
Thank you very much. All right. Any
discussion about what we just heard? Any
thoughts or general thoughts?

    COMMISSIONER CAMERON: It certainly
clears up for me and I was looking for a little
clarity on exactly what the applicants meant by
their responses. And each of them have
clarified that and have actually, for me
anyway, I feel like I understand where they're
each coming from at this point.

COMMISSIONER MCHUGH: Other

comments?

COMMISSIONER STEBBINS: I would

agree with that, very thoughtful presentations

and addressing from both applicants our

concerns for this license condition piece.

COMMISSIONER MCHUGH: Does it make

sense then to pause for a minute where we are

with a focus on licensing conditions and try to

prepare, based on what we have heard from them

and the conditions we sent out earlier a set of

what essentially will be final conditions for

both that would accompany a license award.

The other way to do it is to wait

until after we make that decision and then give

the final licensing conditions on a take it or

leave it basis. But it seems to me fairer if

we spend a few minutes now going through them

and trying to come up with a framework.

And I think we can do that by

building on the licensing conditions that we

set out previously and looking at whatever

modifications in light of what we’ve heard we
are prepared to make. Does that make sense?

COMMISSIONER ZUNIGA: It does to me.

COMMISSIONER STEBBINS: It does to me.

COMMISSIONER MCHUGH: Let's start with Mohegan Sun. And their modifications primarily were in your area, Commissioner. Do you want to address those?

COMMISSIONER ZUNIGA: Yes. I understand better as was said here before. I think these presentations were very helpful. I think the applicant has met the spirit of the condition that I had set forward.

I initially imagined that they would substitute equity for borrowing, but I can see that they view this as they need to remain flexible at some level as to what may be the best or the better cost of capital.

So, I think as I mentioned yesterday they've met the conditions when it comes to the additional equity.

COMMISSIONER MCHUGH: All right.

COMMISSIONER ZUNIGA: And I'm fine the way that they have presented. I understand
that they have tried to preserve the ownership structure, which as I've described before it includes several parties and several agreements, etc.

COMMISSIONER MCHUGH: So, you are prepared to accept that.

COMMISSIONER ZUNIGA: I am prepared to accept it.

COMMISSIONER MCHUGH: The domestic and international marketing plan was another condition that they modified.

COMMISSIONER ZUNIGA: Right. I think this meets as well the spirit of how the condition I put forward was originated. We amended a set up that they had advanced. In our view the market was larger. They have agreed that it is. And I think they responded again with the spirit.

As I mentioned before, they have Connecticut to carve out, I understand. I think there is a benefit to the Commonwealth if all of the promotions that they advance to all of the customers in the Northeast would be redeemable in Massachusetts. So, I understand
how that benefits the Commonwealth.

COMMISSIONER MCHUGH: All right.

And the Brigade withdrawal from participation
in the decision to call and its divestiture of
the debt it holds in the Uncasville operations,
as I take it.

COMMISSIONER ZUNIGA: Yes. I think
the bigger picture in my mind or the bigger
issue was relative to the marketing
restriction. Whether they still hold debt in
Connecticut I think I am indifferent mostly
because as far as I can tell they have no
decision-making in the operation in
Connecticut. So, they were only holders of
debt over there.

COMMISSIONER MCHUGH: All right.
The one I was looking at here and I can't
readily find what the response was -- For those
of you who have it on page seven of the
conditions. -- in which we ask them to
reconcile the difference in goods and services
spending commitments in the various
communities. And that was crossed out.

COMMISSIONER STEBBINS: If I'm not
mistaken, the draft said of license conditions we kind of referenced it twice and we essentially deleted where it was once and left it where it was.

COMMISSIONER MCHUGH: Okay. That was just a redundancy. Okay. So, with those amendments -- I'm sorry. Go ahead.

COMMISSIONER STEBBINS: Two quick points. Just going through the conditions that I had proposed and to get back to your comment, Mr. Chairman, about the surrounding community agreements, Mohegan Sun MA had accepted that condition as we had proposed it.

But they had also put forward on the table a new licensing condition regarding a domestic and international marketing plan to provide to us. I'm happy to accept that condition as a condition of license. I appreciate their efforts on this part.

As we all know, with our Category 2 licensee and our MGM licensee designate, we had asked for a much, a limited marketing and tourism plan to be provided by the licensee 90 days prior to their opening. It's not as
aggressive as this.

This will provide a lot more detail
and certainly as they allude to, they're
willing to provide the Commission some input
and oversight and review and ongoing
monitoring. So, I guess we are accepting their
condition, but I'm happy to do that. I think
it's worthwhile.

COMMISSIONER MCHUGH: Thoughts on
that Commissioner?

COMMISSIONER ZUNIGA: Actually, I
just had a thought on my previous remarks which
I wanted to mention. The applicant did advance
the notion relative to the marketing
restriction did advance the notion of approval
by the Commission when it came to the standards
and procedures.

COMMISSIONER MCHUGH: Right, with
the assistance of a third-party.

COMMISSIONER ZUNIGA: An agent that
we can select that we can agree, etc. You'll
remember from our discussions last Wednesday I
asked for that. I thought that was an
important part for the Commission to understand
this.

The monitoring of, an understanding and drafting of those standards and procedures to my knowledge hasn't really been done in the past, but I think it's a recognition that we have an interest in that. And I think it's very positive.

COMMISSIONER MCHUGH: So, you would be willing to accept that condition obviously?

COMMISSIONER ZUNIGA: Yes.

COMMISSIONER MCHUGH: Any other thoughts, Commissioner Cameron?

COMMISSIONER MCHUGH: Oh, I'm sorry.

COMMISSIONER STEBBINS: Sorry. No, I'm bouncing back-and-forth. I want to go back to Mohegan Sun MA and the condition we had about keeping us updated, providing us annual reports talking about their Momentum Rewards program.

We talked about that in a lot of detail. I think we gave them credit for what we think is a really out-of-the-box idea with respect to drawing support for local businesses. They agreed to this condition but
in the back-and-forth I guess on the condition
their original projection of 50 million, which
was certainly speculative and they acknowledged
that they reference an estimated 17 million to
actually be redeemed in award points at off-
site businesses or businesses participating in
the program.

So, as part of that condition just
keeping the identity that that's, I believe,
their first-year target. And that in future
communications about the program I guess from
us and from them that they focus in on that $17
million figure to make sure nobody understands
it.

COMMISSIONER MCHUGH: So, the $17
million figure should be included as a target
in the condition.

COMMISSIONER STEBBINS: Yes. They
also acknowledged in their response assigning a
full-time person to kind of monitor the
program. That's certainly appreciate that
effort. They also said maybe to go out and
encourage more businesses.

I don't think it's a question of
more businesses participating in the program. 400 is quite a large number, but again I think it showed their willingness to partner with us in rolling out this program and having it be successful.

COMMISSIONER MCHUGH: All right. Anything further? As a Commission, I think we ought to by consensus or otherwise approve of the original conditions as amended by the Wynn -- by the Mohegan Sun response with the one modification -- Well, it's not really a modification. Including the 17 million as a target and not just something that they've told us they want to do.

Is that a fair summary of where we are with respect Mohegan Sun? And is that by consensus agreeable to all of you?

COMMISSIONER STEBBINS: Yes.

COMMISSIONER CAMERON: Yes.

COMMISSIONER MCHUGH: I would ask the staff then to prepare contingently a new set of conditions that takes care of that, takes care of those issues.

The Wynn response is much more
nuanced understandably because there are a
number of terms in the Wynn conditions that
were derivatives of the absence of a
surrounding community agreement. So, the Wynn
conditions are longer. The response was more
nuanced. And I don't see unfortunately any way
to deal with this other than by going through
them one by one and instructing the staff on
the basis of how we finally come out on those
to prepare a revised set of conditions to deal
with them.

So, I'm going to deal again with the
first of the revisions. That is a so-called
DOR directive in which the definition section
of our conditions was -- which represents an
addition to the definition section of our
conditions to say that the DOR directive is a
directive or other binding letter from the
Department of Revenue that the six percent
withholding provided for in the statute doesn't
apply to table games. That's the essence of
it.

And the effect of that is to change
the effective date of the license should it be
given to the Wynn applicant to the later of the
date of the arrival of that DOR directive or
three days after the referendum vote if the
referendum is unsuccessful.

So, let's pause and see whether the
Commissioners are comfortable with that change.

COMMISSIONER ZUNIGA: I am
comfortable with that change. I believe that
the reading on the current statute that
coalesce around here for the table game
activity -- There is an interpretation that
this does not apply to table games. There's an
impractical notion to the activity if anybody
had to stop and issue W-2s on an activity that
happens much faster than anybody can keep up
with, for example.

I understand where they're coming
from in terms of a business risk. And they
would rather have rather than the open
question, some kind of interpretation not from
us. We've already issued a letter to the
Legislature on that piece as it relates to slot
machines, for example. And that's an important
piece that I view, I've always viewed as a
competitive notion. That's not what they're suggesting here. They're really focusing on table games.

The obvious thing here is that we have no control over that just like they say. We'd like to commit to things that we can control. But I think there is enough time between now and November 5 and the other piece of the effective date where I think that conversation could be advanced or even maybe DOR has the ability to provide that document interpretation or otherwise.

COMMISSIONER MCHUGH: Okay, other thoughts?

COMMISSIONER CAMERON: Again, I think we all agree on the concept. It's just our ability to do this is a question for me. I'm not as convinced that we have the ability to make that happen.

COMMISSIONER MCHUGH: I think it is going to happen. We have put our recommendation on that. We believe that that's an appropriate and sensible thing to do.

It will not cost the Commonwealth
money. It will not keep money out of the hands of people who should get it through DOR distributions. But it will severely disrupt the operation of table games. And I think we can make that case persuasively. I'm very much unwilling to have that be a trigger for the start of the license.

Nothing is going to happen for three years. I'm confident that well within three years this problem is going to be resolved. But the problem is that none of the movement starts until this piece is resolved.

So, I am not convinced that this should be a condition we accept though I am fully committed to the outcome at which it is aimed. Is there any further discussion on that?

COMMISSIONER ZUNIGA: I agree with that. We are all committed to the business model. If this is going to be a big impediment to the gaming activity then everybody’s got another thing coming. I agree it's not something that we can commit ourselves to.

COMMISSIONER MCHUGH: Okay. The
next change that they requested is we listed a payment of the slot assessment fee within three business days of the Commission's vote to award the license to the Wynn applicant if we did. And it listed the amounts of that payment. We did that in the conditions we sent to Mohegan Sun as well.

Their change says that they will pay -- their request is that they will pay within three business days of the receipt of the DOR directive. And they don't agree to the amounts. The amounts have to be determined at some future date.

I'm not willing to accept the change just to start the conversation. Commissioner Zuniga?

COMMISSIONER ZUNIGA: The first part of that is the receipt of the DOR directive. I would agree with that. We just agreed with that. What they have inserted in the response is that they are requesting a review of the calculation but otherwise accept the condition. So, maybe what we need to do is show them and have them review the calculation.
COMMISSIONER MCHUGH: Obviously, we are going to work with all of the applicants after the licenses are issued to true up the appropriate assessment. And that truing up may result in credits. It may result in further debits. The margin is relatively small.

And that comes from the fact that what we have now is best estimate of the number of slot machines that are going to be in the facilities. We don't know the ultimate number, but we've got to make some provision for allocating the Commission's expenses before we do that truing up until we get everybody on board and we can see what we actually have.

We also are creating a mechanism to give the applicants a say and some oversight role in the amount of the expenses that we are incurring. So, there is an opportunity to that there.

But to at the threshold to say we're not going to make these payments notwithstanding your understanding that we're going to true things up once we get everybody aboard is not to me acceptable.
It seems to me we ought to have these payments made. They are in the ballpark. And they're going to be in this vicinity in any event. And we ought to get a commitment to do them and await the trueing up process. I would recommend that we stay with what we had.

COMMISSIONER CAMERON: And that is the same exact requirement on our other two that we've already issued.

COMMISSIONER MCHUGH: Right, both licenses.

COMMISSIONER CAMERON: So, to be consistent is really important.

COMMISSIONER ZUNIGA: Yes, I'll go along with that.

COMMISSIONER MCHUGH: The next one is at page five, it's number 11. I am not sure I understand this one. But the condition requires that Wynn abide by and comply with the terms and conditions. And then there's a list that ends with all executed signature forms contained in section B of the RFA-2 application. Those were forms that they -- They included forms that they signed; isn't
that right?

COMMISSIONER ZUNIGA: Yes.

COMMISSIONER MCHUGH: Those forms were attached to the RFA making various certifications and the like. I think that one ought to stay. Any question about that?

COMMISSIONER ZUNIGA: No.

COMMISSIONER MCHUGH: The next one is at page seven, condition 16 compliance with information in the RFA-2 and evaluation reports. They did not want to comply with everything in the evaluation reports. I can understand that.

The evaluation reports were the product of a lot of different input. Then they had appendices attached to them. And it's really open-ended to ask for a commitment to apply to all of those things. I'm not sure you could reconcile them all. So, I am content to take their amendment to that one.

Let me say that there is an error in my evaluation report in criterion seven where we talk about property limits. And I said in the third bullet on page 25 of 25 of the actual
report that Wynn responded adequately but
property limits uncertain for preferred layout.
Then it says it requires a small parcel
acquisition in Boston for the access driveway.
That's a typo that was induced during the
numerous revisions of this that preceded its
final.

The sentence should read responded
adequately, but property limits uncertain for
preferred layout. The alternate layout
requires a small parcel acquisition in Boston
for the access driveway. So, that's simply a
revision I'm making to that report.

Okay, back to the conditions. The
next one is page 11, condition 36. The
condition said Wynn shall report to the
Commission on Wynn's efforts to have
appropriate representation of local and
regional business in Wynn's retail programs.

COMMISSIONER ZUNIGA: I'm sorry?
COMMISSIONER MCHUGH: Page 11
condition 36.

COMMISSIONER STEBBINS: This I think
was a carryover condition from the MGM project.
COMMISSIONER MCHUGH: And it simply requires reporting.

COMMISSIONER STEBBINS: Right.

COMMISSIONER MCHUGH: And maybe turging persuasion by the Commission but not giving the Commission control over those efforts.

COMMISSIONER STEBBINS: Right.

COMMISSIONER MCHUGH: This is in your wheelhouse, Commissioner. What do you say to that?

COMMISSIONER STEBBINS: Again, it was a condition that I think came out of our discussions with MGM. And MGM's focus to incorporating local businesses, local Springfield area businesses into the MGM complex and some concern about lease terms and things like that which may exclude local businesses.

So, I think we put this measure in to have them simply be a reporting mechanism as to their overall efforts to improve local businesses in the MGM project. So, it was more an MGM specific condition. I think that's why
COMMISSIONER MCHUGH: What's your position on including it here?

COMMISSIONER STEBBINS: Again, I'm happy with the responses provided by this applicant. Again, I completely looked at that condition as a condition that related to the MGM project and probably just got carried over onto these set of recommendations.

COMMISSIONER MCHUGH: I must confess I looked at it differently. I looked at it as an ingredient of their outreach and what they were doing to get local businesses involved in the operations. Maybe I'm misreading it or misinterpreting.

COMMISSIONER ZUNIGA: In the retail piece. This goes to the retail not necessarily how much they spend, for example. This is specific to the retail program that they will lease.

COMMISSIONER CAMERON: And they did not commit.

COMMISSIONER ZUNIGA: They have not.

That's right.
COMMISSIONER STEBBINS:  Sorry.

COMMISSIONER MCHUGH:  No, no.

That's my misunderstanding of it. Your explanation was clear.

COMMISSIONER STEBBINS:  They could report. It would probably be a very small report but it was more again MGM related.

COMMISSIONER MCHUGH:  That's right. It could be two words, one word actually.

Okay. So, we are content to eliminate that condition.

COMMISSIONER ZUNIGA:  I would be.

COMMISSIONER MCHUGH:  The next one is on the same page as condition 37. Wynn shall report to the Commission regarding discussions with the city of Everett to maintain workforce population in the city of Everett. Wynn requires further explanation with respect to this condition. Do we have a further explanation?

COMMISSIONER STEBBINS:  Yes. I might be guilty on this one again as well. As you recall, when we were talking with MGM, we entertained discussion around a license
condition to have MGM come back to us with a plan of things that they might do to encourage their employees to live and stay in Springfield.

This did wind up in MGM's license. It was more of a come back and tell us what efforts you might make to encourage your employees to live and stay in Springfield. Again, generated out of an overall concern the usual story that we heard several times that when a casino comes in, people get jobs and end up picking up and leaving.

So, this is carrying over that MGM requirement again not prescribing it to the applicant or the licensee what they need to do but giving them the opportunity to report to us as to things that they might be doing within the community to encourage their employees and in this case the residents of Everett to stay and maintain residency in the city of Everett.

COMMISSIONER ZUNIGA: The risk of the scenario that you described is a lot bigger, as I suspect, a lot larger in Springfield as it is in the Boston metro area.
or Everett for that matter, right?

COMMISSIONER STEBBINS: Yes.

COMMISSIONER MCHUGH: It was in addition a significant issue in public discussion that we heard at the various host and surrounding community meetings we had out there. I don't recall this issue coming up in any of our discussions here.

COMMISSIONER STEBBINS: You're right. It did not. This certainly might give either licensee or either applicant a chance to talk about things that they continue to do in the community to improve the overall quality of life within their host community and encourage local hiring. However, reporting requirement without necessarily being prescriptive.

COMMISSIONER MCHUGH: The idea is if you get these jobs stay in the community and help advance and improve the community rather than moving out of the community. I am comfortable leaving that it. It's a reporting requirement. And it's a goal we ask them to maintain.

And there are no metrics for
determining success but it's a thought we'd
like them to think about.

            COMMISSIONER CAMERON: Is it easy to
capture that information?

            COMMISSIONER MCHUGH: They can tell
us what they are doing.

            COMMISSIONER STEBBINS: They can
tell us what they're doing. Some of the
examples we raised when we were talking about
MGM is participation in a first-time home buyer
program, scholarships things of that sort.

            Again, this is more them reporting
back to us what they are intending to do or
what their efforts are without necessarily
judging the metrics on the backside.

            COMMISSIONER MCHUGH: Right. And it
doesn't commit them to actually doing anything
or paying any money, but it does -- there are
other things they can do and talk with the city
of Everett about what they're doing. And they
may get some good ideas and they may not get
some good ideas. But at least it's out there
as a thought that we would like them to think
about.
COMMISSIONER STEBBINS: And to a degree I think on a broader focus, we heard from representatives from Gary, Indiana, not to draw out this conversation, but we heard from a number of representatives that casinos came in, they hired local people. And the first thing those local people did was move out of the community. That's really not what our hope is.

COMMISSIONER MCHUGH: I'm happy to leave that in unless there's a significant opposition to it. Commissioner Zuniga?

COMMISSIONER ZUNIGA: No. And it's a reporting requirement.

COMMISSIONER MCHUGH: Okay, Commissioner Cameron.

COMMISSIONER CAMERON: No, I'm fine.

COMMISSIONER MCHUGH: The next one is on the same page, plan for entrance and exit of public safety vehicles. They say that they will comply with their mitigation payments. That strikes me -- which include a public safety component. That strikes me as a reasonable approach to the situation. I had some doubts when we started
that they would be able to do this on their own in any event. I think that mitigation payments will provide the wherewithal for the effective jurisdictions to do it. So, is it a consensus that we accept their response and leave that out?

COMMISSIONER ZUNIGA: Yes.

COMMISSIONER CAMERON: Yes.

COMMISSIONER MCHUGH: Okay, page 13 condition 42, reopening of conditions by the Commission. This says nothing shall prevent the Commission from amending or modifying the license conditions upon a competition from the city of Boston or a petition by Wynn or upon a motion by the Commission. And their response is it's unacceptable. Discussion of that?

This no doubt is a part of the we want to control the downside exposure or the upside exposure, I take it. It is part of the conditions that we imposed on Mohegan Sun without the city of Boston being able to cause a reopening of the conditions. But there's a surrounding community agreement there that does contain extensive provisions for revisiting
issues under certain circumstances.

This one would simply permit the city to petition to have the Commission re-examine conditions. The Commission revisiting conditions or Wynn asking the Commission to revisit conditions is a feature of the other licenses we've issued, I think, but it certainly is a feature of the conditions we put in the Mohegan Sun license.

COMMISSIONER CAMERON: Is it for all of the licensees the same condition?

MS. BLUE: I believe that it is, yes.

COMMISSIONER MCHUGH: This is designed to recognize that what we are doing here is we are designing the major features of the relationship.

And as we proceed down the road, there are going to be twists and turns as the journey we've taken thus far clearly reveals that will require re-examination of what we thought was going to happen.

And it seems to me to be a sensible provision to allow that revisitation to occur.
It doesn't mean that every time somebody wants to change something they're going to get to change it. It doesn't mean that the Commission is willy-nilly going to change things to the detriment of the licensee.

At some point, the entire relationship has to be surrounded by a trust. A trust that the Commission once issuing the license and once setting up the conditions for operation is going to work to make the venture a success and not be in the business of figuring out ways to degrade that process. It would be crazy to do that.

And I think we've demonstrated both with MGM and with Penn, our licensees, how the Commission's focus shifts once the license is awarded. It's no longer a competitive process. It's no longer an effort to get the best value for the Commonwealth. That never leaves, but it is an effort to make this process work.

And unless we have that kind of basic trust in where we are going to going and where they're going to go and where other people are going to go, this thing isn't going
to work.

The fact is that we are going to have to change from time to time some of these conditions to meet extenuating circumstances and all parties to it ought to have an opportunity to raise the issue and see where that we takes us. That's how I think we ought to approach this. After that windy soliloquy -

COMMISSIONER ZUNIGA: I agree. I think we retain the discretion the way this was worded. And there is -- any party as we have seen in the past will look to this body on a number of issues whether they're expressly stated or not. So, I agree with your notion, Commissioner.

COMMISSIONER MCHUGH: Commissioner Stebbins?

COMMISSIONER STEBBINS: I would agree leaving this in.

COMMISSIONER CAMERON: And we just mention the city of Boston here, right?

COMMISSIONER MCHUGH: Right.

COMMISSIONER CAMERON: Because we
are dealing with the city of Boston, other
agreements are probably dealing with the host
community.

COMMISSIONER MCHUGH: With the host
and surrounding communities, right. And
they've negotiated their own reopener clauses.

COMMISSIONER CAMERON: General
Counsel may have --

COMMISSIONER MCHUGH: General
Counsel Blue?

MS. BLUE: The Wynn agreement
mentions Boston because of the lack of a
surrounding community agreement. The other
Mohegan Sun simply talks about the Commission
and Mohegan Sun for that general reason that
when you have a surrounding community agreement
they have reopener clauses. They are also
subject to the reopener provisions of our
regulations.

COMMISSIONER MCHUGH: Yes. And the
reopener, I thought I mentioned that earlier,
the agreement between Mohegan Sun and the city
has what they have constructed as a reopener
provision and a revisitation provision to take
account of these same issues.

    MS. BLUE: That's right. They have
a number of triggers that can provide for a
reopener in the Mohegan Sun agreement. We have
the same provision in both agreements. The
difference in Wynn is it allows for the
petition of the city of Boston.

    To be honest, if they were to
negotiate a surrounding community agreement
with Boston, they would want to come before the
Commission to determine if that agreement
somehow modified or needed to modify the
conditions of the license. So, it's an
appropriate provision to have.

    COMMISSIONER MCHUGH: Yes. We've
mentioned on a number of occasions our
enthusiasm for that result.

    COMMISSIONER CAMERON: But that
surrounding agreement, surrounding community
agreement only deals with the provisions in
that agreement. This would deal with every
condition that we have in the license. That's
a real difference in my mind.

    MS. BLUE: That's actually an
ability the Commission has anyway by statute. The Commission always has the right to amend or modify or condition a license.

So, by putting it in these conditions, it is possible that more conditions could be opened or modified upon petition of the parties. But I think that this is a very good flexible option for the Commission to have as these facilities will take several years to build and as things will change.

COMMISSIONER CAMERON: Would it make sense to just say here that we're talking about the pieces of these conditions that have to do with the city of Boston and not every condition here?

It just seems like it's not the same to me as a surrounding community.

COMMISSIONER MCHUGH: I see what you're saying.

MS. BLUE: We can redraft that section to specify what the city can petition to open, yes.

COMMISSIONER CAMERON: Yes, I would be more comfortable with that.
MS. BLUE: We can certainly do that to be more specific.

COMMISSIONER MCHUGH: That's a good point.

COMMISSIONER ZUNIGA: I would agree because I think that's the intent of this provision.

MS. BLUE: That is the intent. So, we can adjust that.

COMMISSIONER MCHUGH: Let's take a look at two separate conditions or however you choose to do it, but separate out the right of Boston to petition.

Okay. Good catch. Thank you, Commissioner.

All right. The next one is still on page 13 number 45. The condition said that Wynn shall cooperate with the Commission and the office of the Attorney General on all gaming related investigations. And then it goes on to say it shall make a host of documents available to the Commission.

The response is that they were not prepared to cooperate with the Office of the
Attorney General, and they were not prepared to
produce the documents.

MS. BLUE: If I could comment on
that, and this would pertain to some of the
other boilerplate conditions. In this initial
draft that you're looking at, we included a
number of provisions that are statutorily
required.

We are going to take these
provisions out and simply say they have to
comply with all of the provisions of 23K and
our regulations. This is one that is in the
statute. While they may object to it, it is an
obligation they have regardless.

So, we are going to condense the
drafting piece of those boilerplates and just
make compliance with 23K the appropriate
standard.

COMMISSIONER MCHUGH: That's a
neater way to do it. Okay. Everybody
comfortable with that?

COMMISSIONER CAMERON: Yes.

COMMISSIONER MCHUGH: I take it the
next one is the same. It's number 46 on page
14; is that right?

MS. BLUE: Yes.

COMMISSIONER MCHUGH: So, that will come out and the general statutory obligation will prevail. All right. Page 15 number 53 says Wynn shall provide the Commission -- Our condition said that Wynn shall provide to Commission aggregate demographic information with respect to the gaming licensees' customers in manner and under a schedule to be defined by the Commission.

And the response is it's a trade secret. Thoughts about that?

COMMISSIONER STEBBINS: I would just note that if we haven't included it in the other two licensees -- Certainly, if we haven't included with the other two licensees, I'm comfortable with not having that condition.

MS. BLUE: That's also part of the statute. That is statutorily required.

COMMISSIONER ZUNIGA: Isn't there a section on anonymizing of certain data that they have to provide?

MS. BLUE: Yes.
COMMISSIONER ZUNIGA: This could be like the two conditions we spoke about before, the statutory requirement is there. We could roll it into 23K.

MS. BLUE: Yes.

COMMISSIONER MCHUGH: So, I take it then that when we take out these redundancies I'll call them, and simply rest on what the statute says, which is undoubtedly a better practice anyway, we'll do that to both sets of conditions.

MS. BLUE: Yes, for both applicants, yes. And any particular condition that we've talked about already that would pertain to both applicants, if we decided to delete it, we will delete it in both places. If we're leaving it in, we'll leave it in in both places.

COMMISSIONER MCHUGH: Yes. The next one is on page 17 that condition says that the terms and conditions of the license are binding on Wynn and its affiliates and permitted successors and assigns. I guess the permitted there is that we have to permit any successors or assigns to exist. I'm not prepared to take
that out. This has to endure. Comments
thoughts?

COMMISSIONER CAMERON: I'm not sure
I'm following that. Could you read that one
more time?

COMMISSIONER MCHUGH: All of the
terms and conditions of this license shall be
binding upon Wynn and its affiliates and
permitted successors and assigns.

We have to be able to -- I don't
want to get the Commission in a position where
the Commission is negotiating a whole new set
of conditions with whoever it is that's going
to buy the facility. And it seems to me that
we ought to have that condition in there so
that we don't have to what they do that. We
can always change them on petition. That's why
the reopener on petition is there. But as a
presumption, it seems to me that successors and
assigns ought to understand that this is what
we're going to.

COMMISSIONER CAMERON: And that's
one we've had with the others obviously.

COMMISSIONER MCHUGH: Right.
MS. BLUE: What we want to do, and I agree, we are drafting transfer of regulations. I would suggest that we leave this language as is. Our transfer regulations will govern this in more detail. So, we will be able to address that.

COMMISSIONER MCHUGH: That may be an instance in which we have to reopen this to modify a condition to conform to new regulations. For the moment, if we go forward, we're going forward with this understanding and this condition in place. Okay.

COMMISSIONER ZUNIGA: It's beginning to be a trend here, but I want to ask for a break because I'm seeing more discussion on this continuing.

COMMISSIONER MCHUGH: Okay. Let's take a 15-minute break then, and we will resume at 11:10.

(A recess was taken)

COMMISSIONER MCHUGH: We are prepared now to resume and continue with this
process of looking at conditions.

The next set of conditions to which Wynn has objected are on page 18. And they all have to do -- conditions one, two, three, four, continuing over five, community fund payment, water transportation payment, six, coming down to six on page 21, all have to do with the specifics of and payment of and these annual payments that we've discussed now several times.

And I think that trying to go through these line by line with the numbers in this forum under these circumstances would inevitably lead to errors, mistakes and probably we wouldn't be finished until Thursday.

So, what I think it would be helpful to do is have a general discussion on whether we are prepared to accept the response that we currently have, or accept it with modifications and have the staff incorporate the picture into a set of the formal conditions that we'll be send back -- that they will adopt and will be the final resolution of this part of the
process. Anybody disagree with that approach?

COMMISSIONER CAMERON: No.

COMMISSIONER MCHUGH: So, who wants to start the discussion of whether to accept basically the response as fortified by today's or not necessarily fortified by today's but in light of today's comments?

COMMISSIONER CAMERON: I can begin.

COMMISSIONER MCHUGH: Okay.

COMMISSIONER CAMERON: I for one am pleased to see the transportation reduction, the plan we put in place back on the table. It does have a cap, but I don't believe a cap is unreasonable in this particular case.

The look back is more narrowly tailored, but I think that will be inclusive of what we were looking for here as well. This was never about dollar amounts. It was about the right amount of skin in the game with regard to short-term, long-term mitigation.

We've been back and forth a couple of times now and I think that we've accomplished the goals that we set out to here with regard to this mitigation in Sullivan
Square. I'm happy to see the examples of the traffic reduction plan here. A number of examples of ways to achieve that and that's an important piece here. So, that's a piece I think is important as well.

COMMISSIONER MCHUGH: All right, other comments?

COMMISSIONER STEBBINS: I also appreciated the inclusion or the addition back in of the inclusion of the look back provision. I think for us as a Commission going forward thinking about use of the community mitigation fund, it would be helpful to have those studies in place in all communities just so we have an idea of what we might be mitigating in the future. So the inclusion back in of the look back conditions I thought was very helpful.

COMMISSIONER MCHUGH: But the look back conditions are different from our look back conditions. The look back conditions are basically reopen provision that allow reopening of the framework upon the occurrence of various statutory conditions rather than the kind of study that was going to be a regular
feature of this regime on a going forward basis.

So, they're two different things. Does that make a difference to you?

COMMISSIONER STEBBINS: No, it doesn't.

COMMISSIONER MCHUGH: Okay.

Commissioner Zuniga?

COMMISSIONER ZUNIGA: I'm also very pleased as, Commissioner Cameron says, I for one understand the ranges and specific payments better. I understand the notion of the cap. I think it does provide -- the overall framework here as presented today provides a certainty of sorts. Maybe that's not a very good sentence.

But provides a lot more confidence to the applicant but also to the city. I would argue that if there are, like we understand there may be, federal funding sources that could complement this effort, or other sources that could eventually complement this effort for the long-term solution that is, having a stream of -- having a number that is built by multiple numbers of course. There's upfront
payments and there's annual payments. But having an actual estimate not a wide range, and I understood why we needed that original framework of the range. So, I think that it provides a lot more certainty to the city, to the applicant of course and to us, to everybody involved.

This I would imagine is what the result of an arbitration could have yielded. I think we've made a lot of progress. I would ask the deadline notion --

COMMISSIONER MCHUGH: Can we put that to one side for a second? I'd like to deal with that separately.

COMMISSIONER ZUNIGA: Separately, okay.

COMMISSIONER MCHUGH: I was just trying to get through the terms. So, the Sullivan Square piece of this is now a total of potentially $51 million with the transportation demand management incentives. They're referred to as fines someplace. They're not designed to be fines. They're designed to incentivize thoughtful approaches to a dense urban site
that depends heavily on large numbers of patrons.

So 51 million, it's hard to figure out exactly what the right number is. It's on the low end of our range. Have you thought about that? Our range was inflated above that by the example we used.

And the example sort of came from nowhere, except it didn't. It looks like it came from nowhere. It picked a 200-car excess over the projected number of cars that would use the Sullivan Square intersection. And the projection was based on an actual analysis of the number of cars that would go through there at a peak hour. That number, the base number didn't come out of nowhere. And the 200 cars was above that base number.

The long-term solution to Sullivan Square is a solution based not on accommodating more traffic, but on reducing the overall vehicle flow. So, the likelihood is that the long-term solution, and this is what the Metropolitan Area Planning Commission said and the Boston Transportation Department said and
others have said, the long-term solution is likely to lower that base number on which we base the hypothetical.

So, a 200-car excess from that lower number is not unreasonable to expect. We didn't just pick the 200 out of nowhere. So, it seems to me if there is to be a cap, and I can understand why there would want to be a cap. I don't think it makes any sense for any business organization to get into an uncapped obligation. I'm not sure how you could deal with that on the financials.

That it ought to be closer to the 40 million than it is to the 20 million, because I don't think that in the last analysis, once one gets to the final solution the 40 million is going to be as hypothetical as it may be now.

COMMISSIONER ZUNIGA: Let me understand what you're saying. I thought that the 200-car excess was during and prior to the long-term solution. Once there's a long-term solution, there's already been a solution.

COMMISSIONER MCHUGH: Right. But the long-term solution inevitably - I mean the
short-term solution is inevitably going to be, if people are thoughtful and we have to presume that they are, inevitably going to take account of what's ultimately planned. So, the long-term solution may not accommodate the numbers of cars we're talking about right now.

COMMISSIONER ZUNIGA: But I thought that was part of the condition. As long as the long-term solution accommodated the casino traffic all of this payments would flow. If the city does not design to that, the city or all of stakeholders do not design to the long-term solution then there is really not a long-term solution, right?

COMMISSIONER MCHUGH: That's right. But all I'm suggesting is the possibility that when the final permits are issued, and they haven't been and when the final MEPA process is finished, and when the final design is considered it will be a design that's different from this design that will be designed to interface with the long-term solution, which one would hope that it would. That there is some planning that goes on that affects that.
And therefore the numbers that we are using as the base number may be lower, even though they're the numbers for the temporary solution.

COMMISSIONER ZUNIGA: I don't understand how those numbers could be lower.

COMMISSIONER MCHUGH: Because they simply are numbers and they're based on the plans that currently exist.

COMMISSIONER ZUNIGA: Well, if there is less traffic going through Sullivan Square it's because those numbers turn out to be lower.

COMMISSIONER MCHUGH: If the plan is for less traffic, the plan may not be realized by the actuality.

COMMISSIONER CAMERON: But I think it is important when we put this plan together, we did say a plan that would accommodate casino traffic.

COMMISSIONER MCHUGH: Right.

COMMISSIONER CAMERON: So, if another plan is selected, I don't think this applicant should be responsible for that,
frankly. I thought that was an important piece that we put in place was if the solution is a solution that does accommodate casino traffic.

COMMISSIONER MCHUGH: Whatever traffic the casino wants to put in there?

COMMISSIONER CAMERON: No. I think each phase of this mitigation, we talk about fact that the mitigation, the reduction is important. And I think the applicant has said that they agree, and there are a number of possible ways to reduce that traffic here listed. So, I was encouraged to see that.

COMMISSIONER MCHUGH: I was encouraged to see it too. Now I'm just talking about what a realistic cap ought to be. And I agree with the concept of a cap. I understand that. But I'm trying to think through and talk through what a realistic cap should be.

And I'm afraid that the $20 million is too low because I think that the hypothetical that we provided and used as a basis is likely to either come true and more likely to morph into a number that's used for permitting that is lower than our hypothetical
base number in order to accommodate the long-term plan.

And that the permits will be issued based on an understanding of total traffic demand of which the traffic generated by the casino is a lower number.

COMMISSIONER ZUNIGA: How much more likely is that to happen that there's an upside as opposed to also a downside? The way I'm thinking about it and this is perhaps oversimplifying, the range that was put together was put together thoughtfully understanding that the variability could flow either way.

COMMISSIONER MCHUGH: Exactly.

COMMISSIONER ZUNIGA: Not only to the upside but also to the downside.

COMMISSIONER MCHUGH: Right.

COMMISSIONER ZUNIGA: Because there are other mechanism in place.

COMMISSIONER MCHUGH: Right.

COMMISSIONER ZUNIGA: The way I'm thinking about it is if we're measuring the number of cars that go through Sullivan Square
during one hour, and there's a total standstill, if nobody can get through there, there's a self-governing notion to this. There's not an upside that's infinite.

COMMISSIONER MCHUGH: I understand that. If there's gridlock there then everybody is going to be unhappy.

COMMISSIONER ZUNIGA: But that number is not increasing ad infinitum because well nobody's getting anywhere.

COMMISSIONER MCHUGH: No. And I'm not suggesting it should -- that they should pay for an ad infinitum increase. I am simply trying to think through what the appropriate range ought to be.

And if everything works out the way the permitting goes, the payments under this section will be zero, right? So, the question is how much risk of that are we prepared to take? And the tender is well, take $20 million as an incentive that will solve the problem.

And incentivize us to solve the problem and incentivize us to work toward a solution. That's much better than the position
we were in the other day. $20 Million even over 10 years is a big number. And I get that.

    My question is whether or not it's big enough to truly incentivize really creative thinking about how to reduce demand without interfering with operations.

    COMMISSIONER ZUNIGA: Doesn't this also tie to another provision that we just discussed relative to the city or Wynn petitioning to reopen this notion? Couldn't in the scenario you're describing, couldn't that provision be used towards if we did not anticipate, if the 200 number turned out to be grossly understated for whatever reason, couldn't that be a scenario where this gets re-examined?

    COMMISSIONER MCHUGH: Yes, I suppose it could. But it's hard to re-examine in that context. Maybe it could. Maybe it could. We can't fully plan for what the contingencies are. The 51 million is a substantial number and maybe that's the appropriate number. I take it the three of you think it is.

    COMMISSIONER CAMERON: Because there
are so many hypotheticals, it's difficult for
anyone to come up with a number that is
realistic. So, I am comfortable because of
that piece of this.

   COMMISSIONER MCHUGH: But it is
possible to come up with a range that is broad
enough to encompass all but the extraordinarily
unlikely. And I guess all I'm saying is that I
don't think this range is big enough to do
that. And your response to that if I
understand you Commissioner is to say well if
it isn't, the city can petition to reopen it.

   COMMISSIONER ZUNIGA: Yes. That's
it in a nice nutshell. I keep thinking we're
all drivers. So, we can all be traffic amateur
experts. There is an adjustment, at least in
theory, that drivers may make at certain times
because they know how difficult intersections
may be at different periods of time or the day.
   For example, the way I think about
this is I never go shopping on Black Friday
because I don't like traffic and crowds.
There's some people who clearly do. There is
at least an element of if the ramp is backed up
all the way to 93, I might take the next exit if I'm going to Everett.

So, there is some variability to the estimate. It's everybody's best estimate and it's a very thoughtful, I think. There's been a lot of analysis obviously by both our consultants, actually our consultants, the applicant. I'm going to stop there.

COMMISSIONER MCHUGH: I understand the position. I think we're beginning to repeat ourselves and I don't think I'm going to make any headway and that's fine. We have a disagreement over that one. And I'm content to let that go forward with that number in place.

Is there any other aspect of this that we need to think about? And I'm talking really now about conditions one through six.

COMMISSIONER STEBBINS: I just had a quick question. I think one of the original conditions that Commissioner Cameron put forward was not only solve for what MEPA tells you to solve for, but some resolution of traffic issues on the eastern side of Sullivan Square. From your look at these numbers, even
though it's not addressed specifically, do you
feel that is being considered?

COMMISSIONER CAMERON: In discussing
this with our traffic people, they believe in
all likelihood MEPA will address this issue.
There's not an exact science here as to what
will be done and what won't be done.

COMMISSIONER MCHUGH: But that's an
important point. I don't want to come back and
revisit the number issue, because I feel where
everybody is. But there's an important piece
to understand there. The MEPA is a mitigation
discussion, have you considered everything
process. MEPA doesn't issue any permits.

The Department of Transportation
issues some, but for these roads, the Public
Improvement Commission, I think PIC of Boston
is responsible for and oversees these roads and
will be the permit issuing authority for much
of the work in and around Sullivan Square.

So, the fact that the project hasn't
yet gotten through the MEPA process simply
means that it hasn't gotten through the sort of
omnibus approval process. It still has to get
through and be approved by entities within the city of Boston as well as perhaps as MassDOT if it impacts the highways that the Charlestown roads can connect with.

But in either event, it's the permitting number that's approved for the traffic through Sullivan Square which in all likelihood will be a Boston number. Boston has a continuing stake in this.

So, I take it that for conditions one through, section three conditions one through six we're content. The escalation piece really is simply designed and modified to accommodate the change in the packaging of the mitigation payments. I don't see any problem with that. Does anybody see any problem with that?

The business development change, the change there on page eight -- condition eight -- page 22 condition eight is to make the obligation to spend $15 million effective on the opening date not the effective date.

In other words, it's post construction purchases not construction related
purchases. Was that the way this was intended?

Or was it intended to get construction purchases?

COMMISSIONER STEBBINS: I think this is spending for ongoing operational goods and services.

COMMISSIONER MCHUGH: So, that change is acceptable?

COMMISSIONER STEBBINS: Yes.

COMMISSIONER MCHUGH: On page 23, condition nine the request was to hold -- the condition was to hold at least one event involving employment opportunities, one event every six months prior to opening and then one event annually for workers thereafter. And the response was they'd hold one event for each.

I'm committed to the one event periodically. The place is going to be in business for 15 years. And it seems to me periodically that there's no harm in asking to reach out to hold an event that advertises jobs and how you get the jobs.

COMMISSIONER CAMERON: This is what we've done for the other licensees?
MS. BLUE: No. This language comes from their BAFO. So, this was what was in their best and final. And we took it straight out of that.

COMMISSIONER STEBBINS: I know the first piece of it is consistent with their other surrounding community agreements.

MS. BLUE: Yes. And we made the change to the every six months. That was ours. The balance of the language was from their best and final.

COMMISSIONER MCHUGH: Right. All right, content with leaving the annually and every six months in there?

COMMISSIONER ZUNIGA: Sure.

COMMISSIONER MCHUGH: The next one is the look back studies. This is on page 24 number 11, the look back studies. We talked about this briefly. The look back study that they're talking about is the statutory look back study. This look back study is different. Are we content with the statutory look back?

COMMISSIONER ZUNIGA: I actually had a question with that. Is it a statutory or
regulations?

COMMISSIONER MCHUGH: I don't remember.

MS. BLUE: The reopener provisions are regulation based primarily, yes, under number 127, statutory triggers.

COMMISSIONER MCHUGH: Right. We do have reopener provisions there.

COMMISSIONER ZUNIGA: For surrounding community, actually for all host and surrounding community agreements. Among them that the two parties petition for example if there were a trigger. That's an easy one.

What do we mean by the reopener -- by the look back not in the context of a reopener?

COMMISSIONER MCHUGH: The concept is that twice, I think, at the end of one and --

MS. BLUE: We did a construction period, first year and five year.

COMMISSIONER MCHUGH: There would be an analysis of certain impacts on the city, see whether unanticipated impacts had occurred. And if they had, and were traceable to the
operation of the casino, then Wynn would be
required to pay to cover them, if more police
were needed say than was anticipated.

COMMISSIONER ZUNIGA: When we talk
about the statutory one, are we referring to
the research project that we're doing?

COMMISSIONER MCHUGH: No. We're
talking about how to reopen an agreement that's
been signed, host community or a surrounding
community agreement. What kinds of conditions
will trigger the ability of one side or the
other reopen and renegotiate that agreement.

And this is a different concept.

This is built into the license to allow, permit
and require a periodic look at what's actually
happening on the ground and see whether the
payments that were set up to deal with
potential contingencies are actually doing so,
or whether there's a shortfall that needs to be
made up, and if so, by how much? That's what
this is designed to do.

COMMISSIONER ZUNIGA: Is this
redundant with the reopenner that we discussed
earlier?
COMMISSIONER CAMERON: Well, it's more specific.

COMMISSIONER MCHUGH: No. I suppose you could use the petition process to reopen but this is built in in anticipation of actually taking a look at what's happening on the ground. It's in a number of surrounding community agreements. And I don't know if it's in -- it is in several host community agreements as well.

MS. BLUE: It's in some. This one is modeled on some of the agreements out of West Springfield and Longmeadow. Wynn does have a look back provision in their Malden agreement that is different from this. And both of them are different than the statutory. Sort of statutory triggers are sort of the floor. Many applicants and licensees went beyond that in their host and surrounding community agreements.

COMMISSIONER ZUNIGA: So, is it conceivable that the applicant would be doing a study on regional impacts not just say those for Malden and could study the area?
COMMISSIONER MCHUGH: No. It says here, our condition says Wynn at its expense will conduct a look back study by an independent third-party to analyze any significant adverse impact experienced by the city of Boston caused by and then there's a list of factors. And if there are significant adverse impacts that are not covered by and cannot be mitigated by the payment they've agreed to make, then they will pay for those unanticipated adverse impacts. That's what the condition is. And it affects only the city of Boston.

COMMISSIONER ZUNIGA: I know other reopeners or other look back provisions like in the statute does weigh that with the positive impacts, don't they?

MS. BLUE: In certain host community and surrounding community agreements I believe they do. They net them out. They've done that by agreement.

COMMISSIONER ZUNIGA: Right. Could we insert something that recognizes that there may be a positive impact?
COMMISSIONER CAMERON: I think we did hear about some of these things would not be applicable because it would be open. So, construction noise really wouldn't apply. So, there are pieces of this that really don't apply to a look back that starts after the opening of the facility.

COMMISSIONER MCHUGH: Yes. And there's water, sewer, storm water impacts that is not really applicable. Construction noise is not really applicable.

It's really public safety, traffic with the exception of Rutherford Avenue and Sullivan Square and that can't be mitigated by the payments they're already making. This is all over and above the payments that they're already making. And impacts on a park that's at the corner of the bridge and Sullivan Square.

COMMISSIONER CAMERON: That's construction, right -- around the park?

COMMISSIONER MCHUGH: No, gaming establishment related construction or traffic impacts at Ryan Park. So, we need to think
about whether we want to do this or whether we're content to rely on the regulatory reopener or the petition.

COMMISSIONER CAMERON: I would be fine with the reopener here since most of it is not applicable.

COMMISSIONER MCHUGH: Okay. Is that your position?

COMMISSIONER ZUNIGA: Same here.

COMMISSIONER MCHUGH: Your position, Commissioner?

COMMISSIONER STEBBINS: Yes.

COMMISSIONER MCHUGH: I would prefer the other, but I hear where you are. The next one is page 26 condition 12, which is a $250,000 cap on out-of-pocket expenses incurred by Boston for legal, financial and other professional services as the cost of determining the impact of a proposed gaming establishment in the city of Boston and in particular on Charlestown. $250,000 cap is what is being proposed.

COMMISSIONER ZUNIGA: Is this for expenses that may have been incurred in the
negotiation and arbitration to arrive to a point like today?

MS. BLUE: Yes. That was the thought. They had a reimbursement provision in their BAFO. And that's where this language comes from. So, I read it to include everything that Boston has gone through to date.

COMMISSIONER MCHUGH: It strikes that that number has to be higher to be fair, but I put that out for discussion.

COMMISSIONER CAMERON: With some kind of a cap.

COMMISSIONER MCHUGH: Yes, yes. I understand the cap piece. But it seems to me that it has to be higher. And I'll leave it to the staff to recommend what that number should be. No. We're acting real-time now aren't we.

MS. BLUE: We are.

COMMISSIONER MCHUGH: Based on just the legal pieces of this and recognizing a lot of things, but recognizing the complexity of all of this, it seems to me that something in the vicinity of $750,000 is more reasonable
than this is. So, that's the number that I propose.

COMMISSIONER STEBBINS: You're thinking that captures already incurred expenses as well as anything else going forward? Or do you think we've hit a stop as to incurring additional expenses for the city of Boston?

COMMISSIONER MCHUGH: I think this reads as up to now. I think that's the impact of this once we issue this license. Is that how you read this or is this ongoing?

MS. BLUE: I think we would need to clarify what happens if they in fact -- Well, if they went forward and negotiated a surrounding community agreement, they would deal with that issue on their own in their agreement. So, I would read this as being up to now, up to the date of the issuance.

COMMISSIONER CAMERON: And what would be the mechanism moving forward?

MS. BLUE: Well, moving forward, if they negotiated an agreement or they came to some agreement on those expenses, they would
deal with it between themselves. Otherwise, going forward there would not be any reimbursement for expenses after the date of the license.

COMMISSIONER ZUNIGA: Don't we have a mechanism for voluntary and involuntary disbursements where this could be helpful?

MS. BLUE: If you look at our regulations, I think that process is designed to work during the application process and not after someone has been granted a license. So, I would tentatively say that process would not apply after the grant of a license here.

COMMISSIONER ZUNIGA: We've also in the past honed in on the reasonable piece of this.

COMMISSIONER MCHUGH: It's still there.

COMMISSIONER ZUNIGA: It's still there. So, it's understood that there would be a standard of evaluation.

COMMISSIONER MCHUGH: It's implied there but we can add it if that makes you feel more comfortable. It's always implied in these
kinds of things for the reasonable actual documented -- no, it says reasonable.

MS. BLUE: It says reasonable.

COMMISSIONER CAMERON: And documented, which is important. I think that the number you proposed would be acceptable considering just all of the issues surrounding the city.

COMMISSIONER MCHUGH: This has been a long and lengthy process. I think that frankly is on the short side, but I am content to put that forward. And I recognize issues but I think that's a much fairer and closer number.

COMMISSIONER ZUNIGA: I'll go along with that.

COMMISSIONER STEBBINS: I will go alone also.

COMMISSIONER MCHUGH: $750,000 for number 12. That takes us to page 27. The Sullivan Square infrastructure fund piece is the one I mentioned yesterday that we are to be the escrow agents for. And the city is under this response to come to us with invoices,
we're to determine if the invoice should be paid and then pay them. I really don't think we need to be in that position.

So, I would have the payments made directly to Boston to be held in a fund.

COMMISSIONER CAMERON: I would agree.

COMMISSIONER MCHUGH: Or paid into a fund upon which Boston could draw for that purpose.

COMMISSIONER ZUNIGA: For that purpose, right.

COMMISSIONER CAMERON: This gets back to our conversation about there needs to be a relationship here. And it's a place to start right there.

COMMISSIONER ZUNIGA: Did the applicant mention anything in their presentation?

COMMISSIONER CAMERON: They mentioned that either/or whatever we decided.

COMMISSIONER ZUNIGA: I am fine with that.

COMMISSIONER MCHUGH: Okay.
Conditions two and three are superseded by the omnibus plan that was agreed upon a minute ago, and can be inserted in the appropriate portions can be inserted in the conditions; is that right?

MS. BLUE: I believe that's true of condition two. Condition three is the incentive payment plan. So, that language would remain the same. We would just cap it at the amount.

COMMISSIONER MCHUGH: I'm sorry that's right. Three, the language remains the same and it's capped at 20 million. The escrow account that's the piece that has us approving invoices and I'm not prepared to accept that. That's condition four on page 29. So, we take that language out. Everybody agrees to that?

COMMISSIONER CAMERON: Yes.

COMMISSIONER MCHUGH: Transportation demand management.

COMMISSIONER ZUNIGA: You're taking it out -- I'm sorry, you're taking it all out, because there's language here that is helpful if it goes to the city.
COMMISSIONER MCHUGH: No. Taking out the if requested by the city and approved by the Commission funds in the SSRF may be applied to costs.

COMMISSIONER ZUNIGA: Oh, you're saying --

COMMISSIONER MCHUGH: -- we leave the condition as we proposed.

COMMISSIONER ZUNIGA: As we propose, okay.

COMMISSIONER MCHUGH: I'm sorry. I should have been more precise. Transportation demand management, this too essentially has been superseded by the other formula, has it not?

MS. BLUE: In order to have the mitigation plan, we'll have to look to see if some of that is required. We have to have the measurement plan.

COMMISSIONER MCHUGH: Yes, that's right. This has to be tailored to fit now the overall approach taken in the condition response. And I think we ought to leave it to staff to tailor it so that the pieces fit
harmoniously.

MS. BLUE: If I can ask the Commission a question on number four in terms of the escrow fund. We did have language in there that said if construction didn't commence within a certain amount of time, the funds went back to the applicant.

COMMISSIONER MCHUGH: Right.

MS. BLUE: I believe that in their response that language was left in there. So, will we leave that language in there?

COMMISSIONER CAMERON: Wasn't it changed, the amount of years?

COMMISSIONER MCHUGH: It's changed by the effective date.

MS. BLUE: The effective date, yes.

COMMISSIONER MCHUGH: And we're not accepting that change to the effective date. So, if we reject the change because that's got the DOR piece in it. No, wait a minute. It is changed. It is the effective date.

MS. BLUE: It's from the effective date as opposed to the opening date.

COMMISSIONER MCHUGH: So, it cuts
back three years.

    MS. BLUE: It cuts three years off.

    COMMISSIONER MCHUGH: That's a good catch. Thank you. I'd prefer to leave it the way we had it. So, if construction isn't started 10 years from now then they get the right to get the money back as opposed to seven years.

    COMMISSIONER ZUNIGA: Right.

    MS. BLUE: So, it would be 10 years from the effective date or 10 years from the opening date.

    COMMISSIONER MCHUGH: 10 years from the opening date that's what the change. The effective date --

    COMMISSIONER ZUNIGA: That was the original intention, correct, Commissioner?

    COMMISSIONER CAMERON: It was, yes.

    COMMISSIONER MCHUGH: We've dealt with five. You're going to tailor that General Counsel Blue. Number six, the number of spaces that was a condition that gave the Commission the power to, although they built a garage of whatever size they wanted to say they could
only use certain spaces in that garage for customer parking.

The intent was to further incentivize them to reduce vehicular traffic.
It seems to me however on rethinking it that that is something that we may not have the expertise to weigh into. They have rejected that and they're probably right. We probably don't have the expertise to get involved in that. So, I would be content to have that taken out.

COMMISSIONER CAMERON: I agree.

COMMISSIONER ZUNIGA: Yes.

COMMISSIONER MCHUGH: The next one page 31, amendment of traffic mitigation conditions is a reservation of rights to change things. Again, I think that that is part of the risk capping. And I think that I'm content to take this out and rely on the general modification, petition to modify conditions piece that appears earlier in the overall conditions.

I think that's a better way to do it rather than give us a unilateral right to just
change things without even talking to them.

COMMISSIONER ZUNIGA: Right.

COMMISSIONER MCHUGH: This is a sensitive kind of thing. And I think we need to consult and talk with them before we change it once we get past this stage. Does everybody agree to that?

COMMISSIONER CAMERON: Yes.

COMMISSIONER MCHUGH: Page 32, condition nine public involvement, plan for hazardous materials, and their response as it has been in other situations, is we'll obey the law. This required more outreach and a more aggressive -- this condition did, but that's the response.

COMMISSIONER CAMERON: I think they've agreed to provide information to say and then the process would be that they would have to request.

COMMISSIONER MCHUGH: That's what the regulations require. So, this was a condition that required them to do more than the regulations required in terms outreach, trying to get the ball rolling and trying to
get things going.

They say we'll comply with the law. The law is there. The law is carefully crafted. And I'm not prepared to impose on them a condition that really requires them to engage in a spirit that would be very hard to police if they didn't. It's one of these conditions that'd be very hard to enforce. The requirements of law are there and are capable of enforcement. So, I am content to accept that response.

COMMISSIONER ZUNIGA: I'll go along with that.

COMMISSIONER MCHUGH: Failure to obtain required permits from the city of Boston and we required as modified obtaining the permits by July 1, 2015.

I understand the problem with that. On the other hand, the Commission can't write blank checks and have unknown plans sitting out there without realization without being able to take a different tack. Thoughts on that one?

COMMISSIONER CAMERON: I think we have to hope anyway that all parties will use
good faith and come to the table and be serious about this. If those are in effect within 90 days, they've been applied for. I actually think it was unreasonable.

I understand why we did it. And I agreed with it other than if it doesn't happen by July 1, it seemed to me revoking a license is not an outcome that we want to be engaged in over something like this.

COMMISSIONER MCHUGH: Maybe it does go to the overall risk assessment. So, I am content to take that out, but I'm going to come back to that later. Commissioner, Commissioner Zuniga?

COMMISSIONER ZUNIGA: I do get the point of what they can control.

COMMISSIONER MCHUGH: Right.

COMMISSIONER ZUNIGA: Just like we did, we cannot promise something that we cannot control like a statement from the DOR. We can call them up of course, we've had those conversations but it's not something we can ultimately control. I understand their position on saying hold us accountable to what
we control, which is submitting the permits by
some date with everything that might be
required before or after on an ongoing process.
So, I understand their position.

COMMISSIONER MCHUGH: Okay. I take
it we're content with that change. That brings
us to page 33, which is the last page, by the
way, and there are a number of changes on there
that they've made. I don't see any -- I am
content with all of them.

COMMISSIONER STEBBINS: I just have
a slight edit to number three. Again, we
acknowledge that this was something in the Act
but not in our statute regarding the hiring
preference of Suffolk Downs employees. I think
we had also included MGC approval of a training
and recruitment plan as part of that license
condition.

COMMISSIONER MCHUGH: To train and
recruit Suffolk Downs employees?

COMMISSIONER STEBBINS: Offer the
hiring preference with a training and
recruitment plan to be approved by us. So,
it's somewhat different than what the Act calls
for. But I think that was in my original language of a license condition.

    MS. BLUE: I think that's right.

So, what we'll do is we'll take that and say hiring preference with a training and recruitment plan approved by the Commission.

    COMMISSIONER MCHUGH: But is that a new condition that we're imposing at this point?

    MS. BLUE: We did not have that language in this draft of it. It could be construed as a new condition at this point.

    COMMISSIONER STEBBINS: Let's go back and look at it. If it wasn't in a document that we shared that was certainly my attention. But if it didn't convey itself through the document to the applicant to consider --

    COMMISSIONER MCHUGH: Let's put it in. It is different but let's put it in and adjust if it's necessary. That finishes the list of conditions. That took longer than I thought but there just is no way around that.

    We can't talk about these things in
a forum other than this one and it's really important to have now the Commission's expectations on the table, because at this point these are final. This is not another chapter of negotiation. This is it.

So, if we award a license, we expect the conditions that we've just described to apply. And the conditions will apply and we have reached a take it or leave it stage, I think it's fair to say. Are all of the Commissioners in agreement with that?

COMMISSIONER STEBBINS: Yes.

COMMISSIONER CAMERON: Yes.

COMMISSIONER ZUNIGA: Yes.

COMMISSIONER MCHUGH: So, there should be no misunderstanding about what we've just done. And for that reason, it was important to take the time that it has taken to work our way through these.

General Counsel Blue's team will reduce those to writing. There may be some wordsmithing that has to be done, but the wordsmithing is not concept smithing. It is wordsmithing. So, that is the overriding
approach that we'll expect to be taking.

COMMISSIONER ZUNIGA: It now occurs to me that when I discussed the conditions of Mohegan, we didn't go through a process like we just did, but I essentially talked about the spirit of the conditions that I imposed. I guess we were all in agreement I suppose. We all didn't coalesce around it.

COMMISSIONER MCHUGH: The reason we did this for the Wynn application was that (A) there were are -- the reason we spent the time was there were far more conditions and there were far more changes.

The Mohegan Sun application didn't have as many conditions because it was done against the backdrop of a surrounding community agreement and there were far fewer objections that we had to deal with.

In this one, we only dealt with the conditions with respect to which there was an objection and we didn't deal with every condition. So, the two are --

COMMISSIONER ZUNIGA: -- very different, yes. Maybe I'm just putting a very
fine point here. We did not to my recollection all agree by consensus that all of the conditions for Mohegan Sun were accepted as presented, did we?

COMMISSIONER MCHUGH: Yes, we did. And if we didn't, we should do it again.

COMMISSIONER ZUNIGA: Then there it is.

COMMISSIONER STEBBINS: We effectively did it again.

MS. BLUE: I believe that you did, but doing it again is fine too.

COMMISSIONER MCHUGH: We did.

COMMISSIONER ZUNIGA: It's good to have help.

COMMISSIONER MCHUGH: We've been at this for a considerable period of time. So, I think the next item on the agenda ought to be is there another topic that we haven't discussed thus far that we need to discuss apart from beginning the more focused evaluation? And if there is, let's talk about it now and deal with it. And if there's not let's figure out what the next step will be.
COMMISSIONER STEBBINS: I wanted to go back and revisit because I didn't think I thoughtfully answered the questions that were posed yesterday with respect to some of the construction labor figures as well as some of the employment figures surrounding racing.

One of the things that was not included in my original presentation slides was a figure which may have helped us understand the construction employment a little bit easier. And that was total amount of salary and labor income in construction.

Again, these were numbers that were provided to us by each of the applicants. When we originally put up the projections, we came up with a different amount of full-year equivalent salary. So, what we worked on to try to balance out those numbers for everybody's benefit was to take again, the two construction labor figures that were provided to us by the applicants, Mohegan Sun MA had given us a figure of 293.7 million. We decided to go with a common figure as opposed to the 74,000 or the 114,000. We used a similar FYE
number, divided the labor income by the 74,000 for each, divide that by the 30-month construction period multiply it by 12 to give us a year-long total. And it came back with 1579 full-year equivalent jobs.

For Wynn MA, the construction labor figure they gave us and again all of these costs that they have given us have all been triangulated back with the financials that they've also provided us. That figure was 621 million in labor costs, construction labor costs. Again, dividing it by the 74,000 full-year equivalent, divided by 36 months which is their construction period, again multiplied by 12 to give you a yearly total. We came back with a figure of 2797 full-year equivalent jobs.

COMMISSIONER CAMERON: What was that?

COMMISSIONER STEBBINS: 2797 full-year equivalent jobs. And again, full-year equivalent is something different in construction trades because that involves everybody from the wide variety of trades in
calculating that number.

COMMISSIONER CAMERON: So, that's the apples to apples?

COMMISSIONER STEBBINS: That's the apples to apples. I gathered Commissioner, you saw the 74,000 number and 114,000 number, so we did the math using a $74,000 number for each applicant's for labor figures.

COMMISSIONER CAMERON: Thank you.

That's helpful.

COMMISSIONER ZUNIGA: So, the 293 million for Mohegan on construction costs that's a subset of their overall construction, which I take to be about 400 million. It's 376 million in hard costs or eligible costs and other furnitures, fixtures and equipment. Did we check on the ratio of labor to overall construction costs?

COMMISSIONER STEBBINS: Again, this is numbers that they provided directly to us.

COMMISSIONER ZUNIGA: Okay.

COMMISSIONER STEBBINS: To address again, the question I believe it was Commissioner Cameron's question about racing
employment figures. We went back. We looked at a report that has been shared with us from Christiansen Capital.

Direct employees and this is direct employees and this is both a full-time and part-time count came up with, and I believe this is the figure that was in the memo was the total of 1133 direct employees, does not include induced employment, but 1133 direct employees with a payroll of $42,815,000. The total employment --

COMMISSIONER ZUNIGA: Can you repeat that again? I'm sorry.

COMMISSIONER STEBBINS: 1133 full-time and part-time direct employees and total payroll was $42,815,000.

COMMISSIONER ZUNIGA: 42 million for Suffolk Downs?

COMMISSIONER STEBBINS: This is for thoroughbred racing. The thoroughbred racing that includes breeding and ownership positions, racing positions. That's all total direct employment in thoroughbred racing.

We took those numbers and added them
to projected full-time and part-time employment for Mohegan Sun MA. So, we take that 1133, we add it to the full-time and part-time count again provided to us by the applicants of 3172 for total full-time and part-time employment of 4305. We add the two payrolls together, we come up with a figure of 142 million for a combined payroll between Mohegan Sun MA and racing.

On the other side of ledger, obviously, without racing is Wynn MA which has again provided us a total of full-time employment, full-time and part-time employment of 4382 jobs with a payroll of 170 million.

There was some additional information also in that Christiansen Capital report which projected some potential future increases in racing and labor for the year 2019. So, we just kind of took those numbers again as well. We used full-time employment, part-time employment. Again, the same numbers for both applicants. But when you look at again projected racing employees that number went from 1133 up to 3086. The projected
payroll again in this report was calculated out
at 64,982,000.

So, if we took -- Just to give you a
feel in this 2019 snapshot, taking the
projected increases in racing employees
together with Mohegan Sun MA, again, the flat
current full-time, part-time employment, the
total number of full-time and part-time jobs in
racing and the casino would be 6258 full-time
and part-time jobs, a total of 164 million in
payroll.

And again, on the other side of the
ledger Wynn MA again using that full-time and
part-time they initially supplied us of 4382
full- and part-time jobs and still 170 million
in payroll.

So, more jobs again projected out in
this report through 2019 between racing and the
casino operations of 6258 jobs, the payroll
again on a projection would be six million
below the estimated original payroll for Wynn
MA. So, those are the facts and figures.

COMMISSIONER MCHUGH: That's good
information. The more information is good, and
that's helpful. So, thank you. Is there any discussion on that Commissioner Zuniga?

COMMISSIONER ZUNIGA: Yes. The payroll numbers for racing I'd like to understand them better. I am familiar with the financials for Suffolk Downs because they present them as a racing employee and the numbers are smaller than that lower than that. I'd like to understand if that's a memo that you have.

COMMISSIONER STEBBINS: I'd be happy to call our consultant down front too. We can answer these questions hopefully together, Lyle.

COMMISSIONER CAMERON: I think because it's a combined. Those are just not numbers from the staff at Suffolk Downs. Those are the combined numbers racing from the industry which would then give you the larger number for payroll.

COMMISSIONER CAMERON: Which are paid or supported by purses for example?

COMMISSIONER CAMERON: Do you mean where does money come from for the industry?
COMMISSIONER ZUNIGA: Yes.

COMMISSIONER CAMERON: I think all of those --

COMMISSIONER ZUNIGA: All of those are paid for by purses?

COMMISSIONER CAMERON: Some of them, some of the ones that are directly related to those race owners, breeders, yes, that's correct.

COMMISSIONER MCHUGH: The overall result albeit without all of that detail that you gave you the other day is the result that still obtains with the detail, right?

COMMISSIONER STEBBINS: Yes.

MR. HALL: Very quickly to clarify, the Christiansen Capital report identified 1133 direct jobs and $42.8 million in labor income for the entire statewide thoroughbred racing industry, which includes breeding, ownership, attendees at the racing events and the racetrack itself.

The Suffolk Downs component, the racing component was subcategorized as providing about 300 jobs and $28.6 million in
payroll.

COMMISSIONER MCHUGH: Okay. Does that help?

COMMISSIONER ZUNIGA: That helps.

Thank you.

COMMISSIONER MCHUGH: Thank you very much. Is there anything further Commissioner Stebbins that you want to update us on?

COMMISSIONER STEBBINS: No.

COMMISSIONER MCHUGH: That's good.

Commissioner Zuniga any further subjects you want to talk about?

COMMISSIONER ZUNIGA: Just a little bit from yesterday. Will we continue this conversation relative to weights or are we done with that discussion?

COMMISSIONER MCHUGH: I thought we really honed in on weights. We have not assigned to specific weight to anything. I think in the course of our discussions we concluded that a weighing was a product of looking at the primary statutory objectives and the cost-benefit and a number of other things. And I don't think we ever got to the precise
ranking of weights to be given to the various factors apart from that general and overall envelope.

And I'm not really sure what additional utility going back to that and trying to assign a particular weight to various factors would be at this stage. We really, really looked at this carefully and thoroughly. And we've got -- We may ultimately wind up with slightly different approaches to the value and the weight of each of the things. And I think at this stage trying to harmonize that so we come out with a single view of it would probably be impossible.

COMMISSIONER ZUNIGA: That's fair enough.

COMMISSIONER MCHUGH: Okay.

Commissioner?

COMMISSIONER CAMERON: I would agree.

COMMISSIONER MCHUGH: So, the next step I would ask is this. We've been at this now, I'm repeating myself, but we've been at this for quite a while. We've gone through an
enormous amount of material and we've got two
very competitive proposals in front of us.

Are the Commissioners now each ready
to express a preference? I'm not talking about
a vote. I want to have more discussion. But
are the Commissioners ready to express a
preference about the applicants or do we need
to have more discussion before we can start
that?

And I want to say in advance that if
we're ready -- I hate to do this but I want
this discussion to continue once we start it.
So, I would really like to find out whether we
are ready to express a preference. And if we
are not talk through why not.

And then if we are, I think it's
appropriate take a break so that we can come
back and go through this. I know in a sense I
hate to do it but I think that that's the
appropriate way to approach this.

Anyway, are the Commissioners ready
to express a preference? Commissioner Cameron?

COMMISSIONER CAMERON: Yes, I am
prepared to do that. I just wanted to
understand your thoughts just now. Which are
if we ready, we'll take a lunch break and then
come back and work our way through it?

COMMISSIONER MCHUGH: Yes. Work our
way through it because otherwise -- It may be
very quick; it may not be very quick. But I
don't want have it interrupted by, this
discussion interrupted by lunch. Commissioner
Zuniga?

COMMISSIONER ZUNIGA: Yes.

COMMISSIONER MCHUGH: Commissioner
Stebbins?

COMMISSIONER STEBBINS: I'm
comfortable with that.

COMMISSIONER MCHUGH: No, are you
ready to express a preference? That's what the
issue on the table is.

COMMISSIONER STEBBINS: It's a yes
or no question. Yes.

COMMISSIONER MCHUGH: Those were the
old days. Okay. I too am ready to express a
preference. So, let's take a lunch break. Are
there places for people to eat in in the
vicinity?
MS. BLUE: Not very close. I think you need an hour.

COMMISSIONER MCHUGH: So, we need an hour. As I say, I hate to do that but we're going to do it. And we'll be back in an hour. We'll be back at 1:25.

(A recess was taken)

COMMISSIONER MCHUGH: All right, ladies and gentlemen. I'd like to call to order the afternoon portion of the fifth session of the 134th to meeting. We are prepared now to pick up where we left off with a description of preferences that each of the Commissioners has formed.

And I'm going to ask I think Commissioner Cameron if she would go first to announce where her preferences are.

These are preferences. This is not a vote because I want to have a little bit of discussion as to where we are but they are expressions of a preference. So, Commissioner Cameron?
COMMISSIONER CAMERON: Thank you, Commissioner. Happy to go first. First, I'd like to say little about each applicant, frankly, because this has been a long journey for all of us.

I very much learned a lot and learned a lot about the companies on the site visits. And that was a part of this experience and a part of my coming to a decision, frankly, even having a preference at this point was those visits.

I took an opportunity to speak to lots of employees at both of those facilities. One of the reasons this is very, very difficult is because I believe these are two strong applicants, corporate cultures, employees, very much really love working at Mohegan Sun, feel part of the team.

And I can say the same about Wynn. The employees feel like they are treated in a way that makes them want to be loyal to the company.

So, having spent many years in Atlantic City, I know that's not always the
case with casino owners and operators. So, I feel like we are fortunate to have two applicants here with strong corporate cultures.

In particular, Mohegan Sun the culture, the commitment to the environment, the commitment to the community and the partnerships that are demonstrated I very much value and it's apparent in all of your dealings.

With the Wynn team, again, treat their employees very well, tremendous business acumen, attention to detail and guest experience, all traits that I think the Commonwealth can benefit from.

So, again it does make this a little more difficult but I thought that was important to point out that that's the experience that I came away from in dealing with the applicants and in visiting their facilities, an important piece of what we do here.

In looking at everything in totality, I think we all agreed yesterday about the economic development piece, how important that is. And we're talking about the number of
jobs, the salaries and the reason for the legislation. When I look at those numbers, I do think the Wynn team has an advantage there. That is inclusive of a piece of this that I think is really important.

And I really much value the racing industry and those employees. That was an important piece for me to factor into this evaluation. With those numbers, and I know there was some clarity to that today, Wynn still has a slight advantage with employees, and in particular with salaries and that is clear. The salaries are a third higher for the Wynn team. And I think good paying jobs is absolutely part of this process.

With Mohegan, the site is easier to mitigate, frankly. It is a piece of this. Just the location itself makes it an easier site as far as moving people in and out. And I think there's an advantage there for the Mohegan folks with that piece of mitigation.

The marketing piece I also thought was really important here. Although Mohegan has certainly strengthened their ability or
their plan as far as international, drawing in international folks, I do see a clear advantage to the Wynn people there too.

It's not just where those folks are coming from. It really is all of the additional benefits to the Commonwealth. They stay longer. They visit restaurants and events and hotels and transportation. So, I looked at that as an advantage as well to the Wynn folks.

Both of the plans are strong. I really do give some credit to the cleanup of that environmentally contaminated site though. I think that is a piece of this. And I look at that as an important piece here.

There is some risk though. Again, we are weighing strengths versus risks. There are some risks for the Wynn team around permitting, around the ability to move this whole project forward in a timely manner. So, I do look at that as something I'm concerned about.

I could mention a lot of other factors but I'd like to hear from my colleagues. But at this point, in looking at
everything I have a slight preference for the Wynn applicant at this point after evaluating all of the factors I took a look at.

So, I'm going to express a slight preference for the Wynn team at this point.

COMMISSIONER MCHUGH: All right, Commissioner. Thank you.

COMMISSIONER STEBBINS: I would be happy to go next.

COMMISSIONER MCHUGH: All right, Commissioner Stebbins.

COMMISSIONER STEBBINS: I also too want to take an opportunity to thank the two applicants. When we started out on this process now two years ago, the landscape, the market looked a lot different.

These are two obviously very well recognized names in the industry. And I think obviously they are here because they understand the value of this license and that has been proven time and time again by their commitment to their applications.

I had never step foot, as Commissioner Cameron alluded to, never stepped
foot in either facility until this process
started. And again, came away with very
favorable impressions of the operations, of the
employees, of how the employees are treated, of
how the employees are respected. And the
success in the field of going into both
facilities made it pretty evident as to why
these two companies have been so successful.

I also want to take a moment to talk
about the two communities themselves, and
wanted to express hopefully on behalf of the
Commission our thanks to both mayors as well as
the residents of both communities. They have
come out time and time again for a number of
hearings to have their voices heard. And I
know how passionate both of these communities
are about this project.

They are anxious for development.

We talked about the opportunities. And we've
been reminded about the opportunities that both
of these projects have as a catalyst to
furthering future development. So, to thank
both communities for being patient with us
through this process as well.
When we started talking yesterday, I mentioned when we were talking about weighing the factors, the four factors that we were going to consider, I talked about mitigation as a factor and finance. And understanding that if you can't pay for it and you can't get to it then the jobs and everything out the end aren't going to happen.

I think over the past day and a half I think both applicants, extending into last week, both applicants have addressed these issues. And I would expect that is to the satisfaction of my colleagues.

As I look at it then going to no knock on Commissioner McHugh's category, but if I look at the impact of economic development which I think is really where the legislation was intended to focus, providing jobs, creating economic activity in and around the communities where these facilities are going to be located, I then began to look at reflecting back on my criteria.

As Commissioner Cameron said and I would echo that, with respect to jobs there's
certainly a clear difference in the jobs and
the number of jobs, the salaries related to
those jobs, both through the design and
construction phase and also through the
operational stage.

With respect to the impact on small
business, I want to acknowledge that I think
both applicants have done a very thoughtful job
in terms of reaching the goal that the
legislation talked about, which was not to make
these facilities kind of islands unto
themselves. How do you have that spinoff out
and beyond the community? And it's a
relatively new strategy that probably other
jurisdictions haven't attracted. They've
focused mostly on the jobs and on the revenue.

So, when you take that next piece of
how does the economic impacts spill out beyond
the property, I think both applicants had very
unique, creative and strategic suggestions to
do that. And a lot of that is perspective.
It's laying out a good solid plan.

Obviously, the relationship between
a licensee and us goes forward we continue to
monitor that. So, I took kind of a side view
to it and looked at local spending as being
provided by the applicants themselves.

In this case, Wynn stepped forward,
even though both amounts were relatively in the
same in terms of overall operational spending,
it appeared that Wynn stepped forward with a
more aggressive target for buying from local
vendors.

Finally, with respect to tourism, I
think both applicants acknowledge the benefits
of being in and around an international
destination like the city of Boston, and
certainly value all of the partnerships that
are already here.

I think unlike MGM which may seem to
a catalyst for tourism in Western Mass., I
think both of these applicants acknowledge that
there's a lot of cooperation that needs happen
to make sure that they are a drawing gamers and
visitors into their respective facilities. And
that leaves more money in Massachusetts, which
is another intended target of the legislation.
So, again, on that point I think both
applications were relatively on the same playing field.

And I pick up Commissioner Cameron's point when you look at the two properties themselves. Development opportunities, if I'm looking ahead, development opportunities I think for the Everett site are few and far between. I think as we've gone through the testimony in the host community hearings going forward that the Everett site offers tremendous opportunities for future development. It's just kind of an outside thought or suggestion or consideration that I took into mind. But again, based on my economic development categories, I found a clear and distinct advantage for the Wynn application, again, if we know it can be paid for and you can get to it.

COMMISSIONER MCHUGH: All right, Commissioner. Thank you, Sir. Commissioner Zuniga?

COMMISSIONER ZUNIGA: Thank you. I would also emphasize what I've said before that these were two very good proposals, two very
good gaming companies as has been stated here
before.

There are a lot of resources that
come in terms of putting an application and
leading up to this point. And I'm really
thankful, the Commonwealth really benefits from
the participation of both and everybody that
supports that operation.

And I've gone back recently to look
at the major goals of the legislation. And
I've said before all of those goals in section
18, many of them are competing priorities. Not
one applicant is going to be able to maximize
all of them.

That is the nature of the Act that
we had to work with. It was a great piece of
legislation. It acknowledges a number of
things that need to be examined. And as a
result, we put together a document and a
solicitation that was very extensive. And the
applicants responded with thousands of pages in
the response.

And that was only the beginning
because there was a lot more document and
information that continued to flow even after
the deadline in the form of draft environmental
impact reports and other things including all
of the testimony that we had relative to the
host community hearings and public input
meetings that we've had.

But back on the 18 goals of section
18, I will touch on some that in my opinion
really make me express the preference for the
Wynn team, because they hone in around
maximizing capital investment. That is clearly
something where Wynn comes with an edge, both
the total amount and the hard costs, eligible
capital costs as we define them.

This is almost double what we've
seen from the other applicant. There's a lot
of money built into their budget relative to
preopening expenses and other activities where
that flow theoretically into the goals that
come under the umbrella of maximizing revenues
to the state as well.

I've already made the point in the
overall questions that fell under my section,
if you will, that I think are very important
and relative to capturing revenues. And the way I see this, we are building a portfolio. We are building on a decision that we, on two decisions that we've made in the past. And this decision, in my view, the Wynn team complements that a little better.

They put the Commonwealth in my opinion in a more competitive basis. We're not the first ones to come to the gaming industry in the region. There's gaming around us. The market is getting competitive, but the one who I believe can fair better in a competitive market because they have done it elsewhere and they also have done it consistently around them and maintain market share through the ups and downs with their segmentation and with their focus on the customer experience has been the Wynn proposal.

I also want to touch a little bit on the environmental cleanup, which I think was certainly talked about in the ratings. When we discussed them, I remember the notion that Commissioner Stebbins advanced at that time relative to community enhancements. What could
come around the site, if you will, which I
think is a very important piece.

But I also look at it in terms of
the costs of not doing something. The cost of
not deciding for the land in Everett may result
in that land continuing to sit idle like it has
been for a number of years. Because of the
level of contamination that exists, because
there are very few instances, and a project of
this magnitude really represents one of those
instances, of a development that can kick
even cash flow to be able to pay for all of
that environmental remediation. So, there's a
lot of public good that comes out of doing
something out of this site.

As it was expressed before, there
are alternative uses to that site at Suffolk
Downs. There comes a cost. I'm not going to
minimize it. There are jobs that might go away
as they have stated and will likely go away.
But I think in the balance of everything else,
just to my point about not one applicant is
going to be able to maximize any one all of
these -- all of these goals, that is one of the
prices to pay for this decision.

So, I also mentioned in the past
notion of having enough flexibility to react to
market conditions, the competitive notion that
I've stated before.

My view and analysis and the
analysis of our consultants and staff relative
to the financial projections, the revenue
projections, the cost projections is that the
Wynn proposal includes margins that in my
estimation are reasonable and could withstand
what maybe changes in assumptions, changes in
market conditions, etc.

There's a notion of leverage that
goes alongside that. It's not exclusive.
There are many other instances where costs are
only estimates. But in my review of this, the
Wynn proposal has enough comfort, if you will,
to make sure that there is. Anticipating that
not everybody will anticipate things that could
go wrong, there are enough margins in the Wynn
proposal in my view to withstand downturns.

I'm not saying there aren't with the
other applicant, but I think the relative
comparison is an important factor.

COMMISSIONER MCHUGH: All right, Commissioner. Thank you. There is much in what my three colleagues have said with which I agree, starting with the fact that we are blessed, and the Commonwealth is blessed by the quality of the two applicants that are here today.

The competition between them, the thoughtfulness that they have applied to their applications, the energy they brought, the way they've cooperated with the Commission has added great value to this process. And it is what we very much hoped would occur when we fostered and tried to foster competition in this region early on.

I also want to thank both applicants and the host communities, the surrounding communities as well but primarily the host communities for the way they've treated us, the information they've given us, the hosting they did for us when we held our meetings and the like.

I too in my travels to the sites,
travels that were enormously important in terms of getting not only a flavor for what the vision of the site here in Eastern Massachusetts could be, but also for the interpersonal relationships that abounded in the sites we visited, felt that the relationship between the companies and their employees on both sides was extraordinarily good.

I don't think that I've been in two large facilities where the palpable energy of the employees not only was felt all of the way down but was recognized in such a focused way by the managerial employees, and reflected a unity of purpose and a care about the welfare of the employees that is bound to result not only in good jobs but jobs that have a low turnover rate. Jobs where stress does not predominate and jobs where people can plan on being with one employer for a considerable period of time. I think the retention rates demonstrated by both companies are a testament to that.

I look though and I agree in terms
of the section 18 criteria with much of what my colleagues have said. I too went through them a couple of times thinking that we're getting close to the decision point.

There's no question that the Wynn applicant has a greater capital investment. And there is no question that it's got more construction jobs and that the pay scale although I was a little unhorsed by the different approach we took this morning, but overall the pay scale, the total dollars contributed to the economy through labor wages on the Wynn project is higher.

I gave when I did my presentation the nod to Wynn in terms of the facility, the physical facility, a facility of high-quality, although I reserved for the economic development piece in the piece of that that deals with partnership with local facilities.

And there, I think that Mohegan Sun has demonstrated to this point a far better record and approach and outlook than Wynn has done. There is no question about Wynn's devotion to recapture. There are no
discernible conflicts anyplace.

But Mohegan Sun has now with the revisions to the conditions moved forward with a plan that gives a level of confidence to its willingness and ability to do that.

But I give to Mohegan Sun a slight edge on human resource practices. I think that Mohegan Sun's gross gaming revenues, and I think by the way that both applicants' gross gaming revenues are optimistic, but I do think that Mohegan Sun has a slight edge on its ability to get the gross gaming revenues that are a part of this project.

I think that the quality of jobs and the salaries for the operating jobs is better for Wynn. And I think that they both have good labor relations and they both are equivalent in other respects.

I would because of the capital investment and the economic yield primarily through the labor -- I forgot to mention spending. The Wynn applicant is going to spend more and spend more locally than the Mohegan Sun applicant is going to do. That is evident
if you take out some of the spending that they
talked about and look at marketing, food and
beverage, the Wynn applicant has much more in
those three categories than the Mohegan Sun
does. So, I would give the Wynn applicant a
slight edge because of those factors.

The real concern that I have and the
concern that in the end I think pushes me in a
different direction is the risk for this
proposal. And I think that that's an important
thing for us all to think about. It's
something that I've been thinking about a great
deal.

We've got two very good proposals in
front of us, two very good proposals. And I
wonder and my concern is what do you do about a
very good proposal that has a high risk of not
being able to get off the ground? That's where
I look at the Wynn proposal based on the record
to date.

The MEPA process has not gone
smoothly. I understand the optimism that
exists, but it has not gone smoothly. It's not
the last step. The whole focus on the traffic
mitigation that we spent so much time on in that MEPA process did not survive the final environmental impact report.

So, that's out for a supplemental final environmental impact report. And I know there's confidence. Confidence has been expressed on the Wynn side that good things are to happen and maybe they will at the MEPA level.

But then the Public Improvement Commission for the city of Boston has to issue the actual permits. The actual permits to translate what the plans presented to the MEPA entity are. Those plans and those permits are essential for this process to move forward, this plan and process to move forward.

I understand what Governor Weld said this morning when he was here in his capacity as an attorney for Wynn. He's been around. He knows political environments. But I'm not sure that I share his optimism that once the dust settles that everything will be smooth and will be accomplished easily.

Moreover, the long-range plan for
the area, and I stressed from the outset how important conformity with that plan was, the long-range plan for the Sullivan Square area hasn't been finalized yet. That's not Wynn's fault by any stretch of the imagination. They've been at this for years.

But it's an environmental circumstance that makes assessing the likelihood of success more difficult because that plan to the extent it's been formulated focuses on a traffic reduction effort that is not instantly compatible, in my view, with plans to accommodate increased traffic that this facility is highly likely to draw.

In terms of the environment, we look at the support for the two proposals in the community, the immediate community and the surrounding communities. And I understand the vote in Everett. You couldn't get a vote for continued statehood to pass with 86 percent. So, they've got an extraordinary level of support in the community.

On the other hand, the support in Everett was strong. There's a strong
opposition on the East Boston side. But at
every host community meeting we attended and at
the early surrounding community meetings, there
was not only support from the community but
there was support from surrounding communities.

And there are far more surrounding
communities that reached voluntary agreement
with Wynn -- with the Mohegan Sun than did with
Wynn. What does that mean? That means that
the inevitable bumps and jolts and jerks and
jolts of trying to get a significant
development like this into a dense community
are likely to go more smoothly and get the
greater degree of cooperation that's necessary
for their success in an environment where there
is a collaborative energy around the ultimate
outcome.

And it seems to me that that is
certainly present with respect to the Mohegan
Sun proposal. And in Boston -- I mean in the
Boston opposition, there is also the Somerville
opposition. There is a surrounding community
agreement with Chelsea, but the city manager of
Chelsea showed up at the host community hearing
in Everett to announce his support for the Mohegan Sun -- in Revere to announce his support for Mohegan Sun proposal. So, Wynn is surrounded by communities that do not have a great deal of support for their effort.

Insofar as their mitigation payments are concerned, I reject the notion advanced by some that they should be required to pay the entire cost of whatever improvements are made to Sullivan Square and the immediate area. That just is something that it's a nonstarter.

And the improvements to their offer that they made today go a long way toward meeting sort of skin in the game kind idea that I thought was essential and still think is essential for that project to succeed. There's a question as to whether or not that ultimately will be successful.

But ultimately, I have a great concern about whether this project can muster the kind of collaborative energy it needs to move forward. It's going to take a while. It's going to take the cooperation of a number of interrelated entities and jurisdictions.
It's going to take a solution that has some viability and some energy behind it.

And it's going to take the kind of skillful political, in best the sense of the word, political in the best sense of the word, maneuvering and dealing and thoughtful listening and thoughtful back-and-forth that's essential for any of these projects to survive.

I think that though I give the slight edge and it is a slight edge to Wynn in terms of its potential yield to the economy and to the region that the likelihood of its ability to succeed on schedule to produce that yield is less than the Mohegan Sun proposal.

And that in the end the ability of the Mohegan Sun proposal to get off the ground and move smoothly through the remainder of this process is greater. And for that reason, I am favoring the Mohegan Sun proposal in Revere.

So, I'd stop there. We've all had a chance to express a preference. Let's have a discussion about that.

COMMISSIONER CAMERON: Commissioner, I share many of your same concerns, and have
spent most of my time talking to folks about what those risks are, what are the likelihood of this process being held up. And came away with the slight edge, as I said, toward Wynn because I tried to look at it long term, 50 years.

And we will come and go. Mayors will come and go and what is the project that can endure and be the best for the Commonwealth. And in trying to take that approach, and really asking people who are very familiar with city government, municipal government and the likelihood of permits being held up and how long would those challenges take. Starting with MEPA and then looking at city permits, I came away with the thought that yes there is a likelihood to be held up in the short-term. But the likelihood of success is great from what I understand.

And I guess I have faith in human nature and people. Once we have been thoughtful and make our decision that people will respect it and work toward the common good for the Commonwealth. Maybe that's naïve, but
I came away with the slight edge in the other direction when I look at the totality of this. And I do realize the risks. And I don't want to minimize them. But the overall benefits to the Commonwealth I still came away with Wynn with a slight edge. Again, both of them are excellent proposals. This is not easy.

COMMISSIONER MCHUGH: Just in terms of, I want to discuss not challenge, in terms of the risk analysis, you have a, I sense a comfort level with the ultimate outcome that I'm having trouble with. Can you help me with how you look at that?

I know you took a look at the long-term. And in the long-term this will occur. Of course, I'm not going to be here in 50 years, so somebody will have to write and let me know.

But it's the immediate short-term and it sort of gets back to the point I raised before when we were talking about the July 1, 2015 deadline that the specter of this process being held up for a considerable period of time
while the permitting process proceeded.

Or conceivably as the Metropolitan Area Planning Commission suggested that maybe it's just a square peg in a round hole. No reflection on the application or the applicant, it's just circumstances that lead to the possibility of it really taking a long time to materialize. I think there's a question in there someplace.

COMMISSIONER CAMERON: I never believe that there's a problem that doesn't have a solution, first of all. Just to say it can't be fixed to me doesn't resonate. And I do see some value in there's already an existing problem and this may be the opportunity to really fix the already existing problem.

And I've asked direct questions of about okay, if this were to happen how long would that process take regarding permitting, regarding MEPA process, a challenge. And I came away thinking okay, there is a risk. And I had to decide if I thought that risk was too great or if the benefits on the other side were
worth realizing.

I did spend a lot of time talking to experts and trying to find out what the real issues are here. Some of it is my belief that there will be a good-faith effort to work together. And I hope that happens.

COMMISSIONER MCHUGH: Yes. I certainly hope it happens. And nothing I've said omits the possibility or indeed the likelihood that that will happen. It just is the fact that there is expressed opposition from a number of political centers at the moment. And it is a location in which a number of different jurisdictions have to cooperate and collaborate to get this done.

So, I understand and am grateful for your thoughts but I didn't want to leave the impression that I thought that anything other than good-faith would be displayed by anybody. It's just a really complicated, really complicated area, site and set of permitting regulations that have to be undertaken.

COMMISSIONER ZUNIGA: I can add to that conversation along the lines of what
Commissioner Cameron is describing. I do see risks to the Wynn application. And they are perhaps easier to think about because they are short-term risks just like you described.

But I also see that there are other type of risks on the Mohegan application, some of them less short-term. And I've talked about them before. They have to do with the amount of leverage. They have improved their position. They met the condition that I put forward.

Comparatively, however, the Wynn proposal is a stronger, is a financially stronger capital structure, etc. So, I share the view that these projects are large in nature and complicated in nature. And we should be thinking about -- This is a 17-year or so, 18-year decision. It's better than 50. The term of the license is 15 years. It begins with the beginning of operations. So, for all intents and purposes, we are making a decision for the next 17 or 18 years.

And I think in terms of risks, we have to evaluate all of the ones in that term.
And if people recognize that we've taken that look and we have been measured, and we have, we have been very thorough in evaluating all aspects as best we could, risks short-term and long-term being part of them, I think people will understand our position.

I also think and I alluded to this earlier there are factors or there are systems in place relative to those short-term goals -- short-term risks, I'm sorry that you describe.

There is a MEPA process. Yes, it is not completed, but they have to submit a supplemental. And there's process for that.

There is a permitting process here. A lot of people will be watching starting with us. And I think that's part of the environment that they have to operate in. Perhaps what you describe, Commissioner, as in the end we do believe that everybody will act in good-faith.

Having said that, the factors that I'm a little bit concerned with when it comes to the risk factors in the Mohegan application are some that we don't necessarily control.

What I mentioned relative to margins, relative
to assumptions they've made, whether to repay
debt or not, I think speaks to their ability to
react to market conditions, again, that we
cannot control.

The environment is getting
competitive. As I mentioned, we are arriving
at this decision in an environment that is
competitive. And I believe that for those 17
or 18 years we need to see what applicant has
the greater likelihood of an overall success so
that they can deliver on all of the promises
that they've made, which are the rest of all of
the other factors that we -- anyway.

COMMISSIONER MCHUGH: And I
appreciate that. From the merits standpoint, I
too understand and appreciate those financial
and other strengths. How confident are you
that the MEPA process is going to end
favorably? I mean it doesn't have to.

Commissioner Stebbins?

COMMISSIONER STEBBINS: As a local
economic development official, I've had some
experience with the MEPA process. And
everybody in this room is familiar with all of
those steps from environmental notification
forms to draft environmental impact reports to
supplemental environmental impact reports.

It appears to me or it would appear
to me that if our colleagues in state
government were foreseeing a huge problem that
could not be overcome, we would have an
understanding of it at this point. Why go to a
supplemental environmental impact report if
they didn't think that a cure or a solution
could be found.

And again, I am not an environmental
lawyer. I don't pretend to be one. Again, my
MEPA experience has never been obviously with a
project of this size and scope.

The local interaction factor that
you also raised and foreseen as a risk, I hope
too that parties will come to the table with a
sense of goodwill. But I also think that they
can be driven by a monetary motivation that now
there is a determined amount of money out there
to go and fix the Sullivan Square problem.

And that federal monies as I think
you've brought up before that had been out
there and available and on the table will help both parties find a way to work together to find a solution. And knowing that there's a determined amount of resources to be put on the table to do that.

COMMISSIONER MCHUGH: All right. I wish I could share that confidence. Any other thoughts that any of you have? I take it Commissioner Stebbins, let me start with you that your preference is a strong preference for the Wynn applicant. That a further dialogue is unlikely to change that?

COMMISSIONER STEBBINS: Based on everything we've heard and the material that's been presented, and again, there seems to be at least a level of confidence that transportation issues can be addressed and the financials are now -- that the financial issues have been resolved. I value those categories and I value them based on the priority they were given in the statute that my preference is for the Wynn application.

COMMISSIONER MCHUGH: Commissioner Zuniga I'm going to ask you the same question.
I want to find out whether -- I sort of done
the best persuasion I could and I want to find
out if there's any reason to proceed.

COMMISSIONER ZUNIGA: Mine is a
strong preference, as you asked the question.
I think if there is something really fatally
flawed with the MEPA process, we would find out
sooner. I doubt that there is.

I share the optimism that there is
at least a technical, a potential solution out
there to something that has been a problem and
is something that the region is interested in.

I think part of the opposition that
you described in my view, at least in my
opinion at least part of it may be by people
saying how is this all going to work? What is
that solution? What is that long-term
solution? When does it come?

And I am going to place myself in
the optimist side saying perhaps this can be a
catalyst for something that has been a problem
for many years and in the planning process for
many years. It now comes with a number that
has certainty.
As I mentioned before, the applicant wanted certainty. It also benefits the region not just the city, because those dollars can be supplemented by federal dollars if they're available. I understand that there may be or there have been. But again this could get us, at least in theory, could get everybody coalescing around a potential solution rather than saying well this could never work because by the way there's no funding.

I think now, unlike some of the other development that has put that area in the position that we are, this is an operation that carries with it a great amount of dollars that could help and could go a long way towards it.

And I think the job we did in the last couple of days to that effect, I am very pleased with the outcome as we discussed this morning.

COMMISSIONER MCHUGH: All right.

Commissioner Cameron same question to you.

COMMISSIONER CAMERON: My preference is less clear and not as strong, frankly. I see great value in the Mohegan what they
brought to the table. The relationships are stronger. It gives you more confidence to go with those relationships.

But balancing that against potential for the Commonwealth, the jobs and the salaries and all of those other things we mentioned with the process, the permitting and/or MEPA my concern -- the risk is of challenges and slowing down the process to a point where those benefits are diminished. So, I really do see great risk, which is why I am less certain about this. Because I do understand that there are avenues in which this whole thing could be held up.

I'm hopeful that doesn't happen. And I've assessed that risk, and come out with the slight favorite, the slight preference on the Wynn side because I think in my mind the benefits slightly outweigh the risk. And I know you come out the opposite. We're close.

COMMISSIONER MCHUGH: We're close to the center but on opposite sides of the line. As I said, I've said what I can say. I do presume good-faith on everybody's part.
There's inevitably as concerns and energies are focused on something of significant importance as this is, there are things that happen that won't happen after a decision is made and people have to move on and work together to accomplish something.

But I still am very concerned about that possibility and concerned not only about the possibility, and I'm going to stop, that somebody doesn't to live up to the high standards that we all hope that everybody will, but just at the complexity of the intersecting jurisdictions and their philosophical differences about this subject and about this project will interfere with the ability to execute it in the near term.

But I think that I've heard and we've all heard -- one of the things I think I also ought to say is the value of the thoughtful colleagues that we each have and the way we all have tried to wrestle with these ideas and think them through and come up with an answer to a very, very difficult question because of the high degree of quality on both
So, I would ask whether the Commissioners are prepared to have a vote?

Commissioner Stebbins?

COMMISSIONER STEBBINS: Yes.

Commissioner Zuniga?

COMMISSIONER ZUNIGA: Yes.

Commissioner Cameron?

COMMISSIONER CAMERON: Yes.

COMMISSIONER MCHUGH: All right.

Then I am going to ask for a motion.

COMMISSIONER ZUNIGA: I can move that this Commission consider the Wynn proposal the proposal that better achieves the goals of this legislation and direct staff to enter into an agreement for an award of a license on a date in the future.

COMMISSIONER MCHUGH: Before we talk about that, the way we've done it before and the way I think we need to do it this time to make certain that we are at the finish line is to have a vote that awards to the successful
applicant the license contingent on their agreement to all of the conditions that we outlined this morning, and an agreement to appear before the Commission tomorrow morning at the time to which we adjourn -- And I know we posted it at 10:00. -- but the time to which we adjourn to signify orally and in writing its agreement to those conditions. I think that that is the way we need to go.

COMMISSIONER CAMERON: So moved.

COMMISSIONER ZUNIGA: That's a good motion. I accept the amendment.

COMMISSIONER MCHUGH: Is there a second to that motion?

COMMISSIONER STEBBINS: Second.

COMMISSIONER MCHUGH: All in favor, let's do this by roll call. Commissioner Stebbins, how do you vote?

COMMISSIONER STEBBINS: Yes.

COMMISSIONER MCHUGH: Commissioner Zuniga?

COMMISSIONER ZUNIGA: Aye, yes.

COMMISSIONER MCHUGH: Commissioner Cameron?
COMMISSIONER CAMERON: Aye.

COMMISSIONER MCHUGH: And I am going to vote nay. So, the ayes have it three to one. The Wynn applicant is the successful applicant. Congratulations. We're now going to take a short recess.

We're going to take a 30-minute recess actually and then we'll come back with a press availability. Then we will reconvene here tomorrow morning at 10:00.

(Meeting suspended at 2:26 p.m.)
ATTACHMENTS:

1. Massachusetts Gaming Commission September 8-17, 2014 Notice of Meeting and Agenda

GUEST SPEAKERS:
Mitchell Etess, Mohegan Sun
Doug Pardon, Brigade Capital

Robert DeSalvio, Wynn MA, LLC
Kim Sinatra, Wynn MA, LLC
The Honorable William F. Weld, Mintz Levin

Lyle Hall, HLT Advisory

MASSACHUSETTS GAMING COMMISSION STAFF:
Catherine Blue, General Counsel
CERTIFICATE

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 19th day of September, 2014.

Laurie J. Jordan

My Commission expires: May 11, 2018

Notary Public