

1 THE COMMONWEALTH OF MASSACHUSETTS
2 MASSACHUSETTS GAMING COMMISSION
3 PUBLIC MEETING #134
4 Volume V

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6
7 COMMISSIONERS

8 Gayle Cameron

9 James F. McHugh

10 Bruce W. Stebbins

11 Enrique Zuniga

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19 September 16, 2014 9:00 a.m. - 2:26 p.m.

20 BOSTON TEACHERS UNION HALL

21 180 Mt. Vernon Street

22 Dorchester, Massachusetts

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1 P R O C E E D I N G S :

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

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

15 COMMISSIONER CAMERON: Ready.

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

20 Good morning, gentlemen. I forgot
21 to say this sort of timekeeping piece here. I
22 said 20 minutes for everybody. We don't got a
23 big timer. I've got this timer. So, that will
24 be the official timepiece of the affair. And

1 we'll extend it slightly if we have questions
2 that cause you to overrun. But with that now,
3 finally, good morning.

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

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

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

18 Allow me first briefly to outline
19 our remarks today. First, the premeres of our
20 remarks follow the understanding of what the
21 Commission instructed us to do yesterday, and
22 they're as follows: we're going to focus on
23 describing or clarifying our response to the
24 Commission's proposed conditions that we

1 submitted Friday afternoon, and the reason
2 behind our decision to craft those responses as
3 we did. And we'll not comment in any way on
4 elements of our application not addressed in
5 that response.

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

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

20 In a few moments I'm going to speak
21 to you about some of the issues related to our
22 response relative to marketing but first, Doug
23 Pardon is going to speak to you a little bit
24 about finance. Doug.

1 MR. PARDON: Thank you, Mitchell.
2 Once again, Mohegan Sun and Brigade thank the
3 Commission for its careful deliberations on
4 these issues and for the chance to clarify the
5 information contained in our response to the
6 proposed licensing conditions filed last
7 Friday.

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

16 We listened carefully to the
17 Commission's discussion last week and the
18 thoughts that led up to the financing
19 condition. With our response, we were not just
20 looking to alleviate any concerns the
21 Commission had but hoping to eliminate them.
22 Which is why we not only accepted the proposed
23 conditions but added additional conditions to
24 strengthen the finances of our project even

1 further.

2 We were also attempting to
3 demonstrate our commitment and our confidence
4 in this project and its ultimate success. We
5 were doing that by agreeing to more than double
6 our commitment and dollars to this project.
7 Brigade is more than doubling its commitment.

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

18 In addition, with respect to the \$50
19 million of preferred equity, actually the now
20 \$110 million of preferred equity we have agreed
21 to reduce the dividend rate on that \$110
22 million investment by 20 percent, from 15
23 percent to 12 percent, increase the term of
24 that investment to 20 years, which is outside

1 the licensing period of 15 years, and agreed to
2 recuse ourselves from any decision with respect
3 to the redeeming of that investment.

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

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

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

23 What we tried to do here, and it's
24 important to know that this is a common

1 structure that's used in project finance deals
2 was provide an incentive. The \$50 million is
3 there but it provides an incentive for Mohegan
4 Sun who is constructing and operating the
5 project to come in on time and on budget.

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

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

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

23 And that's some context of why we
24 structured it that way. And we think it has

1 the best of both worlds in terms of adding
2 incentives to get the project done on time and
3 on budget, but at the same time adding the
4 protections that the Commission was looking
5 for.

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

19 What we heard from Bank of America
20 or what Commission staff and consultants heard
21 from Bank of America was a little bit about
22 their credentials. Bank of America is the
23 number one lender and arranger of casino
24 financing in the United States.

1 We heard about, the Commission staff
2 and consultants heard about what it is that
3 that bank looks for in terms of lending to
4 these projects and what institutional debt
5 investors look for when lending to these
6 projects. Things like cash flow and the amount
7 of cash flow that the project is expected to
8 throw off.

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

20 In addition, we talked a little bit
21 about being able to have the financing ready to
22 go on award of the license I guess subject to
23 the referendum. So, Bank of America would go
24 to market in between now and the referendum and

1 would be able to place the \$735 million of
2 funds into escrow. That is something that they
3 do on a regular basis.

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

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

17 But we really do view this as a
18 partnership. And what we have done on our end
19 of the partnership is more than double our
20 commitment to this project in terms of dollars.
21 We view that as a strong commitment. I think
22 Mitchell will say the same thing. What
23 Mitchell is about to talk about now is their
24 commitment to this project.

1 We think that the marketing
2 enhancements that are being made, the
3 restrictions that are being rearranged and
4 changed that he's going to go into and that was
5 detailed on Friday show their commitment.

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

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

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

1 two ways.

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

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

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

22 This is going to give the
23 Commonwealth additional protections and
24 opportunities in states throughout the

1 Northeast, not only including Connecticut,
2 which you talked about but the very fertile
3 markets of New York and Pennsylvania where our
4 brand is extremely strong and we are very
5 powerful in the marketplace. Those are great
6 markets for Massachusetts, as you know.

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

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

19 In retrospect, I think we regret
20 including a very conservative study of the
21 market with our RFA-2 application, the PKF
22 study which we've heard a lot about. Again,
23 for the record it was just that. It was a
24 study.

1 We relied on it for some things. We
2 didn't on others. It's not our marketing plan.
3 As Commissioner McHugh noted, yesterday with
4 our application, with our clarification
5 responses and our response to the questions
6 from the host community hearing we in fact
7 provided a marketing plan and much more
8 detailed on our plans and projections.

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

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

23 But we understand the Commission
24 would have liked us to develop more concrete

1 national and international tourist marketing.

2 And our new condition addresses that concern.

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

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

19 We'll also insure that we work
20 collaboratively with the local organizations to
21 guarantee that Mohegan Sun MA will be presented
22 as a destination that it will be and market it
23 as another key attraction in itself into the
24 region.

1 The second group is high-end gamers.
2 We'll provide the right plan to get them here
3 through our partnership with Track Asia and our
4 opening of player representative offices in
5 targeted markets that we've mentioned to you,
6 so, China, Brazil, Turkey and several others.

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

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

24 Again, we express our most sincere

1 gratitude to you. And I'm very happy to answer
2 any questions that you may have. Thank you
3 very much.

4 COMMISSIONER MCHUGH: All right.
5 Thank you both. Questions from the
6 Commissioners? Commissioner Zuniga.

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

15
16 (Loss of power. A recess was taken)

17
18 COMMISSIONER MCHUGH: This shows
19 that we can't plan for everything. All right.
20 Ready to go. Let's resume remembering that the
21 watchword for this entire process is expect the
22 unexpected. Go ahead.

23 COMMISSIONER ZUNIGA: Do we have the
24 stream back on? What about the screen up here?

1 Thank you.

2 COMMISSIONER MCHUGH: Okay.

3 Commissioner why don't you restate your
4 question because we don't know when exactly
5 that went down.

6 COMMISSIONER ZUNIGA: After this
7 power break, my first question was relative to
8 the equity guarantee. You stated that there's
9 \$50 million more of equity in the form of a
10 guarantee. How does that relate to the
11 backstop notion that you had provided for other
12 funding items?

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

17 I just want to touch on the backstop
18 financing because I do think there was some
19 confusion yesterday about that. The purpose of
20 the backstop financing, while they probably
21 added some confusion, which was not our
22 intended consequence, it was really meant to
23 provide comfort. So, what we wanted to show
24 was that every dollar in the project had been

1 accounted for and was coming from a funding
2 source.

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

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

18 We wanted to provide the assurance
19 that it was there to the extent that those
20 funds would not be available in the market.
21 So, that was the concept behind the backstop
22 financing. And that money is there. There
23 were two separate commitment letters that were
24 submitted with respect to that. I believe they

1 were submitted sometime in April with respect
2 to a clarification question.

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

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

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

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

24 MR. PARDON: I request the ability

1 to come back, but I believe it's around eight
2 percent on the Bank of America debt.

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

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

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

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

24 MR. PARDON: Correct. We would be

1 willing to work with the Commission to reduce
2 the preferred investment now that there's more
3 common equity in the project. We would be
4 willing to work with you. What we wanted to
5 show was we now have an additional \$150 million
6 to spend towards the project and get it
7 financed. We'll do what's best for -- what we
8 think collaboratively, working collaboratively
9 with the Commission on what is the ultimate
10 best financing structure if that's something
11 that's important to the Commission.

12 COMMISSIONER ZUNIGA: Okay.

13 COMMISSIONER MCHUGH: All right,
14 thank you.

15 COMMISSIONER ZUNIGA: Thank you for
16 your questions.

17 COMMISSIONER MCHUGH: Commissioner
18 Stebbins.

19 COMMISSIONER STEBBINS: Just one
20 quick question. It's relative to the marketing
21 drawing more outside visitors, setting the PKF
22 information aside. You talk about 25 percent
23 of your visitors coming from out-of-state. Do
24 you see that 25 percent as being a combination

1 of people you're marketing to plus people that
2 are already here visiting Boston for whatever
3 other reason?

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

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

19 COMMISSIONER STEBBINS: Thank you.

20 COMMISSIONER MCHUGH: Commissioner
21 Cameron?

22 COMMISSIONER CAMERON: No questions,
23 thank you.

24 COMMISSIONER MCHUGH: I have no

1 question either except that the meeting between
2 Bank of America that you described was a
3 meeting between Bank of America and you and
4 staff. It was not a meeting with the
5 Commissioners.

6 MR. PARDON: That is correct.

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

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

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

21 What I'd like to start off with is
22 to try to give you an overview of our approach
23 toward our business because that's exactly the
24 way we approached the conditions. And our

1 approach to our business is one of incredible
2 discipline. We consider ourselves to be
3 meticulous and I'm sure you can identify with
4 incredible attention to detail.

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

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

24 That mandate includes creating jobs,

1 driving revenue and creating economic
2 development. So, when we think about how we
3 approach what we do in Massachusetts, we are
4 guided by those principles. We have used those
5 principles in Las Vegas in a very, very
6 competitive market. We operate in two of the
7 most competitive markets in the world, Las
8 Vegas and Macau.

9 And while there was lots of talk
10 about who had the highest grossing casino in
11 the Northern Hemisphere, I might point out that
12 we consider and we look at our business at
13 total revenues. While we may have been about
14 \$30 million short of the gaming revenues of
15 Mohegan Sun in the past 12 months, our overall
16 revenues were 60 percent greater at \$1.6
17 billion.

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

24 So, the conditions that we wanted to

1 talk about and give you a little bit of
2 understanding of our thought process are
3 basically in two buckets. The first one is
4 relatively straightforward is building and site
5 design.

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

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

22 So, we will be prepared within short
23 order if we are lucky enough to be designated
24 to provide you with our updated thinking in

1 that area.

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

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

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

1 successful in the Commonwealth and we intend
2 for that to continue.

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

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

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

24 And we've been relatively strict in

1 our adherence to what we are trying to achieve
2 in a surrounding community agreement. Pursuant
3 to the statute and pursuant to the dictation of
4 the Commission is we have focused on mitigation
5 in a surrounding community agreement and solely
6 on mitigation.

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

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

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

1 that intersection.

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

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

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

20 There is accountability under MEPA
21 to the Department of Transportation and the
22 other involved agencies on that plan. So, we
23 are held throughout that process to
24 accountability. And we would be very willing

1 to include the city of Boston and the
2 Commission in the reporting and accountability
3 under those plans.

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

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

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

22 And so part of that process as you
23 well know, is the development of the now
24 infamous BAFO, best and final offer. We had

1 some experience with BAFOs because we actually
2 arbitrated two of our surrounding community
3 agreements. We prevailed in those
4 arbitrations. And we think it's because we are
5 very, very thoughtful in how we constructed the
6 BAFOs.

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

13 So, just to review that included \$1
14 million upfront payment, total annual payments,
15 and I'm going to aggregate these because
16 Commissioner Cameron and we look at these
17 slightly different, total annual payments of
18 \$39 million over the 15-year period, basically
19 2.6 million a year.

20 In addition, there is what we call
21 phase one improvement to Sullivan Square.
22 That's a \$6 million traffic improvement that
23 should be the very start of the ultimate long-
24 term solution. One of the struggles here is

1 that there is -- notwithstanding as
2 Commissioner McHugh pointed out for us, a
3 decade worth of conversation, there really
4 isn't a plan that is currently being
5 implemented for Sullivan Square.

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

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

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

24 The total annual payments, she took

1 the entire 39 million, 15 of which we had
2 designated for Sullivan Square toward other
3 mitigation for Boston, and added an incremental
4 requirement that we fund 10 percent of the
5 ultimate cost of Sullivan square.

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

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

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

24 One of the things that our financial

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

7 We went back and in our considered
8 response to the conditions may have outsmarted
9 ourselves. But what we came back with on
10 Friday was, in the far right column, which we
11 increased the upfront payment to beyond what
12 the Commission had requested with an additional
13 \$1.75 million.

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

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

1 money.

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

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

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

19 Our annual payments towards non-
20 Sullivan Square mitigation are 24 million. And
21 then we increased the commitment to Sullivan
22 Square to \$25 million over the term. We've
23 maintained our \$6 million initial fix for a
24 total of 56 in committed payments.

1 But we have agreed to the traffic
2 reduction payment construct with hopefully a
3 twist that enables us all to feel comfortable
4 with it. We have \$20 million in this chart.
5 We think of it as a \$2 million cap every year
6 based on the Commission's methodology as
7 outlined in the conditions that were circulated
8 last week.

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

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

18 So, we've ended up significantly
19 increasing our mitigation payments. We will
20 agree to a look back condition that is
21 consistent with our other surrounding community
22 agreements. We did not appreciate the
23 technical situation that Boston found itself
24 in. Without a surrounding community status,

1 they weren't entitled to the look back that is
2 inherent in the statute.

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

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

20 So, we thought that unless and until
21 we get Boston at the table that we would pay
22 that money to the Commission. If the
23 Commission would like the X Sullivan Square
24 money to go directly to the city of Boston even

1 without an agreement, we are amenable to that.

2 We were actually trying to make it better.

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

7 COMMISSIONER MCHUGH: Well, thank
8 you.

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

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

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

21 In dealing with these folks you take
22 a bite of sirloin, you take another bite, it's
23 still sirloin. It doesn't vary. And I think
24 the record speaks for itself. But I think you

1 will find examining their performance in other
2 jurisdictions that they've been pretty much a
3 model corporate citizen and very generous to
4 the community in every jurisdiction in which
5 they've operated.

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

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

23 From time to time, you do run into
24 situations in local and state politics where

1 there's gridlock and people have their teeth on
2 edge. And the process in Sullivan Square for
3 example has not been entirely fruitful the last
4 15 years. There's been federal government
5 money available but for whatever reason there's
6 been a lot of studies, not too many shovels in
7 the ground.

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

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

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

23 There have been similar gridlock
24 there. Neither the house nor the Senate at the

1 state level wanted to appropriate the money to
2 clean up Boston Harbor, which was filthy. And
3 everybody knew it. But the leadership had
4 other priorities for the public money that
5 would be involved because it was an expensive
6 fix, but as a result of all those reports of
7 the problem did get fixed. So, I would view --

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

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

19 COMMISSIONER MCHUGH: All right.
20 Thank you. Questions from Commissioners?
21 Commissioner Cameron.

22 COMMISSIONER CAMERON: I actually
23 think I followed the presentation and
24 understand what Ms. Sinatra is talking about

1 with the new condition. So, I thank you for
2 that explanation. No questions.

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

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

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

21 But our commitment is to do the plan
22 that is agreed-upon ultimately with MEPA, the
23 DOT, the city of Boston and whatever that cost.
24 If it's 6 million great. If it's less than 6

1 million fine. If it's more than 6 million, but
2 the answer is that we will do the mitigation as
3 required.

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

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

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

1 money aside for them.

2 COMMISSIONER ZUNIGA: Okay. Thank
3 you.

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

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

20 And this now comes up with a figure,
21 a fixed figure no range. Well, really a range
22 depending on how the traffic reduction payment
23 works of \$76 million which is up from the
24 response which was 62 million.

1 I am still not clear as to where all
2 of the differences lie. And you've done this
3 thoughtfully and carefully. So, why don't you
4 tell me where they lie.

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

11 COMMISSIONER MCHUGH: Right.

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

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

23 COMMISSIONER MCHUGH: That's right.

24 MS. SINATRA: Infinity was the

1 closed range, I think, depending on how many
2 cars you could actually count. So, I think
3 that that accounts for the difference.

4 COMMISSIONER MCHUGH: How does your
5 traffic reduction payment work?

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

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

10 MS. SINATRA: Yes.

11 COMMISSIONER MCHUGH: The traffic
12 would be measured.

13 MS. SINATRA: Yes.

14 COMMISSIONER MCHUGH: And then
15 there'd be a penalty of whatever with a cap of
16 \$20 million.

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

23 COMMISSIONER MCHUGH: The \$20,000
24 was -- I take your point. Okay. The look back

1 condition consistent with our surrounding
2 community agreements, tell me about that.

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

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

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

22 COMMISSIONER MCHUGH: The look back
23 provision that we had as a condition that we
24 sent to you was a very different animal. It

1 was a periodic look back at certain conditions.
2 A determination by the city with your
3 participation as to the economic consequences
4 of your activity and then a payment by you for
5 unexpected activities -- unexpected impacts,
6 adverse impacts that arose.

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

12 MS. SINATRA: That's correct.

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

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

21 We also reviewed very carefully your
22 proposal, the Commission's proposal and it
23 dealt with things like water, sewer, storm
24 water, construction noise. So, water, sewer

1 and storm water are all Everett based. We're
2 using Everett utilities and we're mitigating
3 all of that. There is no Boston involvement
4 with respect to those topical matters.

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

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

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

1 confusion.

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

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

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

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

23 So, what we did commit to and our
24 response included is a commitment on our part

1 to complete all applications for permits for
2 Sullivan Square, which we thought is what you
3 were worried about, within 90 days from the
4 effective date of the license, to vigorously
5 pursue the issuance of those permits, and to
6 take whatever action is available to us to get
7 those permits issued.

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

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

20 COMMISSIONER MCHUGH: I understand
21 that. I understand that. But from the
22 Commission's standpoint and I think we made our
23 points clear during the presentations, the
24 specter of a process dragging on for years

1 without any shovels in the ground is not one
2 that I at least look at with enthusiasm.

3 MS. SINATRA: Nor we.

4 THE HON. WILLIAM WELD: Nor we.

5 That's why we recommend the reporting
6 mechanism.

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

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

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

19 COMMISSIONER CAMERON: It certainly
20 clears up for me and I was looking for a little
21 clarity on exactly what the applicants meant by
22 their responses. And each of them have
23 clarified that and have actually, for me
24 anyway, I feel like I understand where they're

1 each coming from at this point.

2 COMMISSIONER MCHUGH: Other
3 comments?

4 COMMISSIONER STEBBINS: I would
5 agree with that, very thoughtful presentations
6 and addressing from both applicants our
7 concerns for this license condition piece.

8 COMMISSIONER MCHUGH: Does it make
9 sense then to pause for a minute where we are
10 with a focus on licensing conditions and try to
11 prepare, based on what we have heard from them
12 and the conditions we sent out earlier a set of
13 what essentially will be final conditions for
14 both that would accompany a license award.

15 The other way to do it is to wait
16 until after we make that decision and then give
17 the final licensing conditions on a take it or
18 leave it basis. But it seems to me fairer if
19 we spend a few minutes now going through them
20 and trying to come up with a framework.

21 And I think we can do that by
22 building on the licensing conditions that we
23 set out previously and looking at whatever
24 modifications in light of what we've heard we

1 are prepared to make. Does that make sense?

2 COMMISSIONER ZUNIGA: It does to me.

3 COMMISSIONER STEBBINS: It does to
4 me.

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

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

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

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

22 COMMISSIONER MCHUGH: All right.

23 COMMISSIONER ZUNIGA: And I'm fine
24 the way that they have presented. I understand

1 that they have tried to preserve the ownership
2 structure, which as I've described before it
3 includes several parties and several
4 agreements, etc.

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

7 COMMISSIONER ZUNIGA: I am prepared
8 to accept it.

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

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

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

1 how that benefits the Commonwealth.

2 COMMISSIONER MCHUGH: All right.

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

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

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

24 COMMISSIONER STEBBINS: If I'm not

1 mistaken, the draft said of license conditions
2 we kind of referenced it twice and we
3 essentially deleted where it was once and left
4 it where it was.

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

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

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

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

1 aggressive as this.

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

9 COMMISSIONER MCHUGH: Thoughts on
10 that Commissioner?

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

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

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

1 this.

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

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

10 COMMISSIONER ZUNIGA: Yes.

11 COMMISSIONER MCHUGH: Any other
12 thoughts, Commissioner Cameron?

13 COMMISSIONER MCHUGH: Oh, I'm sorry.

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

20 We talked about that in a lot of
21 detail. I think we gave them credit for what
22 we think is a really out-of-the-box idea with
23 respect to drawing support for local
24 businesses. They agreed to this condition but

1 in the back-and-forth I guess on the condition
2 their original projection of 50 million, which
3 was certainly speculative and they acknowledged
4 that they reference an estimated 17 million to
5 actually be redeemed in award points at off-
6 site businesses or businesses participating in
7 the program.

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

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

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

24 I don't think it's a question of

1 more businesses participating in the program.
2 400 is quite a large number, but again I think
3 it showed their willingness to partner with us
4 in rolling out this program and having it be
5 successful.

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

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

18 COMMISSIONER STEBBINS: Yes.

19 COMMISSIONER CAMERON: Yes.

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

24 The Wynn response is much more

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

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

23 And the effect of that is to change
24 the effective date of the license should it be

1 given to the Wynn applicant to the later of the
2 date of the arrival of that DOR directive or
3 three days after the referendum vote if the
4 referendum is unsuccessful.

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

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

17 I understand where they're coming
18 from in terms of a business risk. And they
19 would rather have rather than the open
20 question, some kind of interpretation not from
21 us. We've already issued a letter to the
22 Legislature on that piece as it relates to slot
23 machines, for example. And that's an important
24 piece that I view, I've always viewed as a

1 competitive notion. That's not what they're
2 suggesting here. They're really focusing on
3 table games.

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

13 COMMISSIONER MCHUGH: Okay, other
14 thoughts?

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

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

24 It will not cost the Commonwealth

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

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

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

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

24 COMMISSIONER MCHUGH: Okay. The

1 next change that they requested is we listed a
2 payment of the slot assessment fee within three
3 business days of the Commission's vote to award
4 the license to the Wynn applicant if we did.
5 And it listed the amounts of that payment. We
6 did that in the conditions we sent to Mohegan
7 Sun as well.

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

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

17 COMMISSIONER ZUNIGA: The first part
18 of that is the receipt of the DOR directive. I
19 would agree with that. We just agreed with
20 that. What they have inserted in the response
21 is that they are requesting a review of the
22 calculation but otherwise accept the condition.
23 So, maybe what we need to do is show them and
24 have them review the calculation.

1 COMMISSIONER MCHUGH: Obviously, we
2 are going to work with all of the applicants
3 after the licenses are issued to true up the
4 appropriate assessment. And that truing up may
5 result in credits. It may result in further
6 debits. The margin is relatively small.

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

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

20 But to at the threshold to say we're
21 not going to make these payments
22 notwithstanding your understanding that we're
23 going to true things up once we get everybody
24 aboard is not to me acceptable.

1 It seems to me we ought to have
2 these payments made. They are in the ballpark.
3 And they're going to be in this vicinity in any
4 event. And we ought to get a commitment to do
5 them and await the truing up process. I would
6 recommend that we stay with what we had.

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

10 COMMISSIONER MCHUGH: Right, both
11 licenses.

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

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

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

1 that right?

2 COMMISSIONER ZUNIGA: Yes.

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

7 COMMISSIONER ZUNIGA: No.

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

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

21 Let me say that there is an error in
22 my evaluation report in criterion seven where
23 we talk about property limits. And I said in
24 the third bullet on page 25 of 25 of the actual

1 report that Wynn responded adequately but
2 property limits uncertain for preferred layout.
3 Then it says it requires a small parcel
4 acquisition in Boston for the access driveway.
5 That's a typo that was induced during the
6 numerous revisions of this that preceded its
7 final.

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

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

20 COMMISSIONER ZUNIGA: I'm sorry?

21 COMMISSIONER MCHUGH: Page 11
22 condition 36.

23 COMMISSIONER STEBBINS: This I think
24 was a carryover condition from the MGM project.

1 COMMISSIONER MCHUGH: And it simply
2 requires reporting.

3 COMMISSIONER STEBBINS: Right.

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

8 COMMISSIONER STEBBINS: Right.

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

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

20 So, I think we put this measure in
21 to have them simply be a reporting mechanism as
22 to their overall efforts to improve local
23 businesses in the MGM project. So, it was more
24 an MGM specific condition. I think that's why

1 it's in there.

2 COMMISSIONER MCHUGH: What's your
3 position on including it here?

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

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

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

21 COMMISSIONER CAMERON: And they did
22 not commit.

23 COMMISSIONER ZUNIGA: They have not.
24 That's right.

1 COMMISSIONER STEBBINS: Sorry.

2 COMMISSIONER MCHUGH: No, no.

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

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

8 COMMISSIONER MCHUGH: That's right.
9 It could be two words, one word actually.
10 Okay. So, we are content to eliminate that
11 condition.

12 COMMISSIONER ZUNIGA: I would be.

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

21 COMMISSIONER STEBBINS: Yes. I
22 might be guilty on this one again as well. As
23 you recall, when we were talking with MGM, we
24 entertained discussion around a license

1 condition to have MGM come back to us with a
2 plan of things that they might do to encourage
3 their employees to live and stay in
4 Springfield.

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

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

21 COMMISSIONER ZUNIGA: The risk of
22 the scenario that you described is a lot
23 bigger, as I suspect, a lot larger in
24 Springfield as it is in the Boston metro area

1 or Everett for that matter, right?

2 COMMISSIONER STEBBINS: Yes.

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

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

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

24 And there are no metrics for

1 determining success but it's a thought we'd
2 like them to think about.

3 COMMISSIONER CAMERON: Is it easy to
4 capture that information?

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

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

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

16 COMMISSIONER MCHUGH: Right. And it
17 doesn't commit them to actually doing anything
18 or paying any money, but it does -- there are
19 other things they can do and talk with the city
20 of Everett about what they're doing. And they
21 may get some good ideas and they may not get
22 some good ideas. But at least it's out there
23 as a thought that we would like them to think
24 about.

1 COMMISSIONER STEBBINS: And to a
2 degree I think on a broader focus, we heard
3 from representatives from Gary, Indiana, not to
4 draw out this conversation, but we heard from a
5 number of representatives that casinos came in,
6 they hired local people. And the first thing
7 those local people did was move out of the
8 community. That's really not what our hope is.

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

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

14 COMMISSIONER MCHUGH: Okay,
15 Commissioner Cameron.

16 COMMISSIONER CAMERON: No, I'm fine.

17 COMMISSIONER MCHUGH: The next one
18 is on the same page, plan for entrance and exit
19 of public safety vehicles. They say that they
20 will comply with their mitigation payments.
21 That strikes me -- which include a public
22 safety component. That strikes me as a
23 reasonable approach to the situation.

24 I had some doubts when we started

1 that they would be able to do this on their own
2 in any event. I think that mitigation payments
3 will provide the wherewithal for the effective
4 jurisdictions to do it. So, is it a consensus
5 that we accept their response and leave that
6 out?

7 COMMISSIONER ZUNIGA: Yes.

8 COMMISSIONER CAMERON: Yes.

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

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

1 issues under certain circumstances.

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

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

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

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

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

23 And it seems to me to be a sensible
24 provision to allow that revisitation to occur.

1 It doesn't mean that every time somebody wants
2 to change something they're going to get to
3 change it. It doesn't mean that the Commission
4 is willy-nilly going to change things to the
5 detriment of the licensee.

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

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

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

1 to work.

2 The fact is that we are going to
3 have to change from time to time some of these
4 conditions to meet extenuating circumstances
5 and all parties to it ought to have an
6 opportunity to raise the issue and see where
7 that we takes us. That's how I think we ought
8 to approach this. After that windy soliloquy -
9 -

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

17 COMMISSIONER MCHUGH: Commissioner
18 Stebbins?

19 COMMISSIONER STEBBINS: I would
20 agree leaving this in.

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

23 COMMISSIONER MCHUGH: Right.

24 COMMISSIONER CAMERON: Because we

1 are dealing with the city of Boston, other
2 agreements are probably dealing with the host
3 community.

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

7 COMMISSIONER CAMERON: General
8 Counsel may have --

9 COMMISSIONER MCHUGH: General
10 Counsel Blue?

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

20 COMMISSIONER MCHUGH: Yes. And the
21 reopener, I thought I mentioned that earlier,
22 the agreement between Mohegan Sun and the city
23 has what they have constructed as a reopener
24 provision and a revisitation provision to take

1 account of these same issues.

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

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

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

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

24 MS. BLUE: That's actually an

1 ability the Commission has anyway by statute.
2 The Commission always has the right to amend or
3 modify or condition a license.

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

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

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

18 COMMISSIONER MCHUGH: I see what
19 you're saying.

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

23 COMMISSIONER CAMERON: Yes, I would
24 be more comfortable with that.

1 MS. BLUE: We can certainly do that
2 to be more specific.

3 COMMISSIONER MCHUGH: That's a good
4 point.

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

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

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

14 Okay. Good catch. Thank you,
15 Commissioner.

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

23 The response is that they were not
24 prepared to cooperate with the Office of the

1 Attorney General, and they were not prepared to
2 produce the documents.

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

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

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

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

22 COMMISSIONER CAMERON: Yes.

23 COMMISSIONER MCHUGH: I take it the
24 next one is the same. It's number 46 on page

1 14; is that right?

2 MS. BLUE: Yes.

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

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

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

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

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

24 MS. BLUE: Yes.

1 COMMISSIONER ZUNIGA: This could be
2 like the two conditions we spoke about before,
3 the statutory requirement is there. We could
4 roll it into 23K.

5 MS. BLUE: Yes.

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

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

18 COMMISSIONER MCHUGH: Yes. The next
19 one is on page 17 that condition says that the
20 terms and conditions of the license are binding
21 on Wynn and its affiliates and permitted
22 successors and assigns. I guess the permitted
23 there is that we have to permit any successors
24 or assigns to exist. I'm not prepared to take

1 that out. This has to endure. Comments
2 thoughts?

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

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

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

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

24 COMMISSIONER MCHUGH: Right.

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

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

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

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

20

21 (A recess was taken)

22

23 COMMISSIONER MCHUGH: We are
24 prepared now to resume and continue with this

1 process of looking at conditions.

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

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

17 So, what I think it would be helpful
18 to do is have a general discussion on whether
19 we are prepared to accept the response that we
20 currently have, or accept it with modifications
21 and have the staff incorporate the picture into
22 a set of the formal conditions that we'll be
23 send back -- that they will adopt and will be
24 the final resolution of this part of the

1 process. Anybody disagree with that approach?

2 COMMISSIONER CAMERON: No.

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

8 COMMISSIONER CAMERON: I can begin.

9 COMMISSIONER MCHUGH: Okay.

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

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

21 We've been back and forth a couple
22 of times now and I think that we've
23 accomplished the goals that we set out to here
24 with regard to this mitigation in Sullivan

1 Square. I'm happy to see the examples of the
2 traffic reduction plan here. A number of
3 examples of ways to achieve that and that's an
4 important piece here. So, that's a piece I
5 think is important as well.

6 COMMISSIONER MCHUGH: All right,
7 other comments?

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

18 COMMISSIONER MCHUGH: But the look
19 back conditions are different from our look
20 back conditions. The look back conditions are
21 basically reopener provisions that allow
22 reopening of the framework upon the occurrence
23 of various statutory conditions rather than the
24 kind of study that was going to be a regular

1 feature of this regime on a going forward
2 basis.

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

5 COMMISSIONER STEBBINS: No, it
6 doesn't.

7 COMMISSIONER MCHUGH: Okay.
8 Commissioner Zuniga?

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

16 But provides a lot more confidence
17 to the applicant but also to the city. I would
18 argue that if there are, like we understand
19 there may be, federal funding sources that
20 could complement this effort, or other sources
21 that could eventually complement this effort
22 for the long-term solution that is, having a
23 stream of -- having a number that is built by
24 multiple numbers of course. There's upfront

1 payments and there's annual payments. But
2 having an actual estimate not a wide range, and
3 I understood why we needed that original
4 framework of the range. So, I think that it
5 provides a lot more certainty to the city, to
6 the applicant of course and to us, to everybody
7 involved.

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

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

15 COMMISSIONER ZUNIGA: Separately,
16 okay.

17 COMMISSIONER MCHUGH: I was just
18 trying to get through the terms. So, the
19 Sullivan Square piece of this is now a total of
20 potentially \$51 million with the transportation
21 demand management incentives. They're referred
22 to as fines someplace. They're not designed to
23 be fines. They're designed to incentivize
24 thoughtful approaches to a dense urban site

1 that depends heavily on large numbers of
2 patrons.

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

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

18 The long-term solution to Sullivan
19 Square is a solution based not on accommodating
20 more traffic, but on reducing the overall
21 vehicle flow. So, the likelihood is that the
22 long-term solution, and this is what the
23 Metropolitan Area Planning Commission said and
24 the Boston Transportation Department said and

1 others have said, the long-term solution is
2 likely to lower that base number on which we
3 base the hypothetical.

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

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

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

23 COMMISSIONER MCHUGH: Right. But
24 the long-term solution inevitably - I mean the

1 short-term solution is inevitably going to be,
2 if people are thoughtful and we have to presume
3 that they are, inevitably going to take account
4 of what's ultimately planned. So, the long-
5 term solution may not accommodate the numbers
6 of cars we're talking about right now.

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

15 COMMISSIONER MCHUGH: That's right.
16 But all I'm suggesting is the possibility that
17 when the final permits are issued, and they
18 haven't been and when the final MEPA process is
19 finished, and when the final design is
20 considered it will be a design that's different
21 from this design that will be designed to
22 interface with the long-term solution, which
23 one would hope that it would. That there is
24 some planning that goes on that affects that.

1 And therefor the numbers that we are
2 using as the base number may be lower, even
3 though they're the numbers for the temporary
4 solution.

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

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

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

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

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

21 COMMISSIONER MCHUGH: Right.

22 COMMISSIONER CAMERON: So, if
23 another plan is selected, I don't think this
24 applicant should be responsible for that,

1 frankly. I thought that was an important piece
2 that we put in place was if the solution is a
3 solution that does accommodate casino traffic.

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

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

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

19 And I'm afraid that the \$20 million
20 is too low because I think that the
21 hypothetical that we provided and used as a
22 basis is likely to either come true and more
23 likely to morph into a number that's used for
24 permitting that is lower than our hypothetical

1 base number in order to accommodate the long-
2 term plan.

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

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

15 COMMISSIONER MCHUGH: Exactly.

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

18 COMMISSIONER MCHUGH: Right.

19 COMMISSIONER ZUNIGA: Because there
20 are other mechanism in place.

21 COMMISSIONER MCHUGH: Right.

22 COMMISSIONER ZUNIGA: The way I'm
23 thinking about it is if we're measuring the
24 number of cars that go through Sullivan Square

1 during one hour, and there's a total
2 standstill, if nobody can get through there,
3 there's a self-governing notion to this.
4 There's not an upside that's infinite.

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

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

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

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

22 And incentivize us to solve the
23 problem and incentivize us to work toward a
24 solution. That's much better than the position

1 we were in the other day. \$20 Million even
2 over 10 years is a big number. And I get that.

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

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

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

24 COMMISSIONER CAMERON: Because there

1 are so many hypotheticals, it's difficult for
2 anyone to come up with a number that is
3 realistic. So, I am comfortable because of
4 that piece of this.

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

13 COMMISSIONER ZUNIGA: Yes. That's
14 it in a nice nutshell. I keep thinking we're
15 all drivers. So, we can all be traffic amateur
16 experts. There is an adjustment, at least in
17 theory, that drivers may make at certain times
18 because they know how difficult intersections
19 may be at different periods of time or the day.

20 For example, the way I think about
21 this is I never go shopping on Black Friday
22 because I don't like traffic and crowds.
23 There's some people who clearly do. There is
24 at least an element of if the ramp is backed up

1 all the way to 93, I might take the next exit
2 if I'm going to Everett.

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

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

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

18 COMMISSIONER STEBBINS: I just had a
19 quick question. I think one of the original
20 conditions that Commissioner Cameron put
21 forward was not only solve for what MEPA tells
22 you to solve for, but some resolution of
23 traffic issues on the eastern side of Sullivan
24 Square. From your look at these numbers, even

1 though it's not addressed specifically, do you
2 feel that is being considered?

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

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

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

21 So, the fact that the project hasn't
22 yet gotten through the MEPA process simply
23 means that it hasn't gotten through the sort of
24 omnibus approval process. It still has to get

1 through and be approved by entities within the
2 city of Boston as well as perhaps as MassDOT if
3 it impacts the highways that the Charlestown
4 roads can connect with.

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

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

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

23 In other words, it's post
24 construction purchases not construction related

1 purchases. Was that the way this was intended?
2 Or was it intended to get construction
3 purchases?

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

7 COMMISSIONER MCHUGH: So, that
8 change is acceptable?

9 COMMISSIONER STEBBINS: Yes.

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

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

23 COMMISSIONER CAMERON: This is what
24 we've done for the other licensees?

1 MS. BLUE: No. This language comes
2 from their BAFO. So, this was what was in
3 their best and final. And we took it straight
4 out of that.

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

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

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

15 COMMISSIONER ZUNIGA: Sure.

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

23 COMMISSIONER ZUNIGA: I actually had
24 a question with that. Is it a statutory or

1 regulations?

2 COMMISSIONER MCHUGH: I don't
3 remember.

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

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

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

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

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

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

21 COMMISSIONER MCHUGH: There would be
22 an analysis of certain impacts on the city, see
23 whether unanticipated impacts had occurred.
24 And if they had, and were traceable to the

1 operation of the casino, then Wynn would be
2 required to pay to cover them, if more police
3 were needed say than was anticipated.

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

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

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

22 COMMISSIONER ZUNIGA: Is this
23 redundant with the reopener that we discussed
24 earlier?

1 COMMISSIONER CAMERON: Well, it's
2 more specific.

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

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

21 COMMISSIONER ZUNIGA: So, is it
22 conceivable that the applicant would be doing a
23 study on regional impacts not just say those
24 for Malden and could study the area?

1 COMMISSIONER MCHUGH: No. It says
2 here, our condition says Wynn at its expense
3 will conduct a look back study by an
4 independent third-party to analyze any
5 significant adverse impact experienced by the
6 city of Boston caused by and then there's a
7 list of factors. And if there are significant
8 adverse impacts that are not covered by and
9 cannot be mitigated by the payment they've
10 agreed to make, then they will pay for those
11 unanticipated adverse impacts. That's what the
12 condition is. And it affects only the city of
13 Boston.

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

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

22 COMMISSIONER ZUNIGA: Right. Could
23 we insert something that recognizes that there
24 may be a positive impact?

1 COMMISSIONER CAMERON: I think we
2 did hear about some of these things would not
3 be applicable because it would be open. So,
4 construction noise really wouldn't apply. So,
5 there are pieces of this that really don't
6 apply to a look back that starts after the
7 opening of the facility.

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

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

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

22 COMMISSIONER MCHUGH: No, gaming
23 establishment related construction or traffic
24 impacts at Ryan Park. So, we need to think

1 about whether we want to do this or whether
2 we're content to rely on the regulatory
3 reopener or the petition.

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

7 COMMISSIONER MCHUGH: Okay. Is that
8 your position?

9 COMMISSIONER ZUNIGA: Same here.

10 COMMISSIONER MCHUGH: Your position,
11 Commissioner?

12 COMMISSIONER STEBBINS: Yes.

13 COMMISSIONER MCHUGH: I would prefer
14 the other, but I hear where you are. The next
15 one is page 26 condition 12, which is a
16 \$250,000 cap on out-of-pocket expenses incurred
17 by Boston for legal, financial and other
18 professional services as the cost of
19 determining the impact of a proposed gaming
20 establishment in the city of Boston and in
21 particular on Charlestown. \$250,000 cap is
22 what is being proposed.

23 COMMISSIONER ZUNIGA: Is this for
24 expenses that may have been incurred in the

1 negotiation and arbitration to arrive to a
2 point like today?

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

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

12 COMMISSIONER CAMERON: With some
13 kind of a cap.

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

19 MS. BLUE: We are.

20 COMMISSIONER MCHUGH: Based on just
21 the legal pieces of this and recognizing a lot
22 of things, but recognizing the complexity of
23 all of this, it seems to me that something in
24 the vicinity of \$750,000 is more reasonable

1 than this is. So, that's the number that I
2 propose.

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

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

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

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

22 MS. BLUE: Well, moving forward, if
23 they negotiated an agreement or they came to
24 some agreement on those expenses, they would

1 deal with it between themselves. Otherwise,
2 going forward there would not be any
3 reimbursement for expenses after the date of
4 the license.

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

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

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

17 COMMISSIONER MCHUGH: It's still
18 there.

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

22 COMMISSIONER MCHUGH: It's implied
23 there but we can add it if that makes you feel
24 more comfortable. It's always implied in these

1 kinds of things for the reasonable actual
2 documented -- no, it says reasonable.

3 MS. BLUE: It says reasonable.

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

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

15 COMMISSIONER ZUNIGA: I'll go along
16 with that.

17 COMMISSIONER STEBBINS: I will go
18 alone also.

19 COMMISSIONER MCHUGH: \$750,000 for
20 number 12. That takes us to page 27. The
21 Sullivan Square infrastructure fund piece is
22 the one I mentioned yesterday that we are to be
23 the escrow agents for. And the city is under
24 this response to come to us with invoices,

1 we're to determine if the invoice should be
2 paid and then pay them. I really don't think
3 we need to be in that position.

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

6 COMMISSIONER CAMERON: I would
7 agree.

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

11 COMMISSIONER ZUNIGA: For that
12 purpose, right.

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

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

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

22 COMMISSIONER ZUNIGA: I am fine with
23 that.

24 COMMISSIONER MCHUGH: Okay.

1 Conditions two and three are superseded by the
2 omnibus plan that was agreed upon a minute ago,
3 and can be inserted in the, appropriate
4 portions can be inserted in the conditions; is
5 that right?

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

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

18 COMMISSIONER CAMERON: Yes.

19 COMMISSIONER MCHUGH: Transportation
20 demand management.

21 COMMISSIONER ZUNIGA: You're taking
22 it out -- I'm sorry, you're taking it all out,
23 because there's language here that is helpful
24 if it goes to the city.

1 COMMISSIONER MCHUGH: No. Taking
2 out the if requested by the city and approved
3 by the Commission funds in the SSRF may be
4 applied to costs.

5 COMMISSIONER ZUNIGA: Oh, you're
6 saying --

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

9 COMMISSIONER ZUNIGA: As we propose,
10 okay.

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

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

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

1 harmoniously.

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

8 COMMISSIONER MCHUGH: Right.

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

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

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

16 MS. BLUE: The effective date, yes.

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

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

24 COMMISSIONER MCHUGH: So, it cuts

1 back three years.

2 MS. BLUE: It cuts three years off.

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

9 COMMISSIONER ZUNIGA: Right.

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

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

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

18 COMMISSIONER CAMERON: It was, yes.

19 COMMISSIONER MCHUGH: We've dealt
20 with five. You're going to tailor that General
21 Counsel Blue. Number six, the number of spaces
22 that was a condition that gave the Commission
23 the power to, although they built a garage of
24 whatever size they wanted to say they could

1 only use certain spaces in that garage for
2 customer parking.

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

12 COMMISSIONER CAMERON: I agree.

13 COMMISSIONER ZUNIGA: Yes.

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

23 I think that's a better way to do it
24 rather than give us a unilateral right to just

1 change things without even talking to them.

2 COMMISSIONER ZUNIGA: Right.

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

8 COMMISSIONER CAMERON: Yes.

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

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

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

1 get things going.

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

12 COMMISSIONER ZUNIGA: I'll go along
13 with that.

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

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

23 COMMISSIONER CAMERON: I think we
24 have to hope anyway that all parties will use

1 good faith and come to the table and be serious
2 about this. If those are in effect within 90
3 days, they've been applied for. I actually
4 think it was unreasonable.

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

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

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

17 COMMISSIONER MCHUGH: Right.

18 COMMISSIONER ZUNIGA: Just like we
19 did, we cannot promise something that we cannot
20 control like a statement from the DOR. We can
21 call them up of course, we've had those
22 conversations but it's not something we can
23 ultimately control. I understand their
24 position on saying hold us accountable to what

1 we control, which is submitting the permits by
2 some date with everything that might be
3 required before or after on an ongoing process.
4 So, I understand their position.

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

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

19 COMMISSIONER MCHUGH: To train and
20 recruit Suffolk Downs employees?

21 COMMISSIONER STEBBINS: Offer the
22 hiring preference with a training and
23 recruitment plan to be approved by us. So,
24 it's somewhat different than what the Act calls

1 for. But I think that was in my original
2 language of a license condition.

3 MS. BLUE: I think that's right.
4 So, what we'll do is we'll take that and say
5 hiring preference with a training and
6 recruitment plan approved by the Commission.

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

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

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

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

24 We can't talk about these things in

1 a forum other than this one and it's really
2 important to have now the Commission's
3 expectations on the table, because at this
4 point these are final. This is not another
5 chapter of negotiation. This is it.

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

12 COMMISSIONER STEBBINS: Yes.

13 COMMISSIONER CAMERON: Yes.

14 COMMISSIONER ZUNIGA: Yes.

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

20 General Counsel Blue's team will
21 reduce those to writing. There may be some
22 wordsmithing that has to be done, but the
23 wordsmithing is not concept smithing. It is
24 wordsmithing. So, that is the overriding

1 approach that we'll expect to be taking.

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

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

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

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

23 COMMISSIONER ZUNIGA: -- very
24 different, yes. Maybe I'm just putting a very

1 fine point here. We did not to my recollection
2 all agree by consensus that all of the
3 conditions for Mohegan Sun were accepted as
4 presented, did we?

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

7 COMMISSIONER ZUNIGA: Then there it
8 is.

9 COMMISSIONER STEBBINS: We
10 effectively did it again.

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

13 COMMISSIONER MCHUGH: We did.

14 COMMISSIONER ZUNIGA: It's good to
15 have help.

16 COMMISSIONER MCHUGH: We've been at
17 this for a considerable period of time. So, I
18 think the next item on the agenda ought to be
19 is there another topic that we haven't
20 discussed thus far that we need to discuss
21 apart from beginning the more focused
22 evaluation? And if there is, let's talk about
23 it now and deal with it. And if there's not
24 let's figure out what the next step will be.

1 COMMISSIONER STEBBINS: I wanted to
2 go back and revisit because I didn't think I
3 thoughtfully answered the questions that were
4 posed yesterday with respect to some of the
5 construction labor figures as well as some of
6 the employment figures surrounding racing.

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

13 Again, these were numbers that were
14 provided to us by each of the applicants. When
15 we originally put up the projections, we came
16 up with a different amount of full-year
17 equivalent salary. So, what we worked on to
18 try to balance out those numbers for
19 everybody's benefit was to take again, the two
20 construction labor figures that were provided
21 to us by the applicants, Mohegan Sun MA had
22 given us a figure of 293.7 million. We decided
23 to go with a common figure as opposed to the
24 74,000 or the 114,000. We used a similar FYE

1 number, divided the labor income by the 74,000
2 for each, divide that by the 30-month
3 construction period multiply it by 12 to give
4 us a year-long total. And it came back with
5 1579 full-year equivalent jobs.

6 For Wynn MA, the construction labor
7 figure they gave us and again all of these
8 costs that they have given us have all been
9 triangulated back with the financials that
10 they've also provided us. That figure was 621
11 million in labor costs, construction labor
12 costs. Again, dividing it by the 74,000 full-
13 year equivalent, divided by 36 months which is
14 their construction period, again multiplied by
15 12 to give you a yearly total. We came back
16 with a figure of 2797 full-year equivalent
17 jobs.

18 COMMISSIONER CAMERON: What was
19 that?

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

1 calculating that number.

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

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

9 COMMISSIONER CAMERON: Thank you.
10 That's helpful.

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

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

21 COMMISSIONER ZUNIGA: Okay.

22 COMMISSIONER STEBBINS: To address
23 again, the question I believe it was
24 Commissioner Cameron's question about racing

1 employment figures. We went back. We looked
2 at a report that has been shared with us from
3 Christiansen Capital.

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

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

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

17 COMMISSIONER ZUNIGA: 42 million for
18 Suffolk Downs?

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

24 We took those numbers and added them

1 to projected full-time and part-time employment
2 for Mohegan Sun MA. So, we take that 1133, we
3 add it to the full-time and part-time count
4 again provided to us by the applicants of 3172
5 for total full-time and part-time employment of
6 4305. We add the two payrolls together, we
7 come up with a figure of 142 million for a
8 combined payroll between Mohegan Sun MA and
9 racing.

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

15 There was some additional
16 information also in that Christiansen Capital
17 report which projected some potential future
18 increases in racing and labor for the year
19 2019. So, we just kind of took those numbers
20 again as well. We used full-time employment,
21 part-time employment. Again, the same numbers
22 for both applicants. But when you look at
23 again projected racing employees that number
24 went from 1133 up to 3086. The projected

1 payroll again in this report was calculated out
2 at 64,982,000.

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

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

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

23 COMMISSIONER MCHUGH: That's good
24 information. The more information is good, and

1 that's helpful. So, thank you. Is there any
2 discussion on that Commissioner Zuniga?

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

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

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

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

23 COMMISSIONER CAMERON: Do you mean
24 where does money come from for the industry?

1 COMMISSIONER ZUNIGA: Yes.

2 COMMISSIONER CAMERON: I think all
3 of those --

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

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

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

14 COMMISSIONER STEBBINS: Yes.

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

22 The Suffolk Downs component, the
23 racing component was subcategorized as
24 providing about 300 jobs and \$28.6 million in

1 payroll.

2 COMMISSIONER MCHUGH: Okay. Does
3 that help?

4 COMMISSIONER ZUNIGA: That helps.
5 Thank you.

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

9 COMMISSIONER STEBBINS: No.

10 COMMISSIONER MCHUGH: That's good.
11 Commissioner Zuniga any further subjects you
12 want to talk about?

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

17 COMMISSIONER MCHUGH: I thought we
18 really honed in on weights. We have not
19 assigned to specific weight to anything. I
20 think in the course of our discussions we
21 concluded that a weighing was a product of
22 looking at the primary statutory objectives and
23 the cost-benefit and a number of other things.
24 And I don't think we ever got to the precise

1 ranking of weights to be given to the various
2 factors apart from that general and overall
3 envelope.

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

15 COMMISSIONER ZUNIGA: That's fair
16 enough.

17 COMMISSIONER MCHUGH: Okay.
18 Commissioner?

19 COMMISSIONER CAMERON: I would
20 agree.

21 COMMISSIONER MCHUGH: So, the next
22 step I would ask is this. We've been at this
23 now, I'm repeating myself, but we've been at
24 this for quite a while. We've gone through an

1 enormous amount of material and we've got two
2 very competitive proposals in front of us.

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

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

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

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

23 COMMISSIONER CAMERON: Yes, I am
24 prepared to do that. I just wanted to

1 understand your thoughts just now. Which are
2 if we ready, we'll take a lunch break and then
3 come back and work our way through it?

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

10 COMMISSIONER ZUNIGA: Yes.

11 COMMISSIONER MCHUGH: Commissioner
12 Stebbins?

13 COMMISSIONER STEBBINS: I'm
14 comfortable with that.

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

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

20 COMMISSIONER MCHUGH: Those were the
21 old days. Okay. I too am ready to express a
22 preference. So, let's take a lunch break. Are
23 there places for people to eat in in the
24 vicinity?

1 MS. BLUE: Not very close. I think
2 you need an hour.

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

7

8 (A recess was taken)

9

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

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

20 These are preferences. This is not
21 a vote because I want to have a little bit of
22 discussion as to where we are but they are
23 expressions of a preference. So, Commissioner
24 Cameron?

1 COMMISSIONER CAMERON: Thank you,
2 Commissioner. Happy to go first. First, I'd
3 like to say little about each applicant,
4 frankly, because this has been a long journey
5 for all of us.

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

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

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

23 So, having spent many years in
24 Atlantic City, I know that's not always the

1 case with casino owners and operators. So, I
2 feel like we are fortunate to have two
3 applicants here with strong corporate cultures.

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

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

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

21 In looking at everything in
22 totality, I think we all agreed yesterday about
23 the economic development piece, how important
24 that is. And we're talking about the number of

1 jobs, the salaries and the reason for the
2 legislation. When I look at those numbers, I
3 do think the Wynn team has an advantage there.
4 That is inclusive of a piece of this that I
5 think is really important.

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

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

22 The marketing piece I also thought
23 was really important here. Although Mohegan
24 has certainly strengthened their ability or

1 their plan as far as international, drawing in
2 international folks, I do see a clear advantage
3 to the Wynn people there too.

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

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

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

22 I could mention a lot of other
23 factors but I'd like to hear from my
24 colleagues. But at this point, in looking at

1 everything I have a slight preference for the
2 Wynn applicant at this point after evaluating
3 all of the factors I took a look at.

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

6 COMMISSIONER MCHUGH: All right,
7 Commissioner. Thank you.

8 COMMISSIONER STEBBINS: I would be
9 happy to go next.

10 COMMISSIONER MCHUGH: All right,
11 Commissioner Stebbins.

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

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

23 I had never step foot, as
24 Commissioner Cameron alluded to, never stepped

1 foot in either facility until this process
2 started. And again, came away with very
3 favorable impressions of the operations, of the
4 employees, of how the employees are treated, of
5 how the employees are respected. And the
6 success in the field of going into both
7 facilities made it pretty evident as to why
8 these two companies have been so successful.

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

18 They are anxious for development.
19 We talked about the opportunities. And we've
20 been reminded about the opportunities that both
21 of these projects have as a catalyst to
22 furthering future development. So, to thank
23 both communities for being patient with us
24 through this process as well.

1 When we started talking yesterday, I
2 mentioned when we were talking about weighing
3 the factors, the four factors that we were
4 going to consider, I talked about mitigation as
5 a factor and finance. And understanding that
6 if you can't pay for it and you can't get to it
7 then the jobs and everything out the end aren't
8 going to happen.

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

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

23 As Commissioner Cameron said and I
24 would echo that, with respect to jobs there's

1 certainly a clear difference in the jobs and
2 the number of jobs, the salaries related to
3 those jobs, both through the design and
4 construction phase and also through the
5 operational stage.

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

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

23 Obviously, the relationship between
24 a licensee and us goes forward we continue to

1 monitor that. So, I took kind of a side view
2 to it and looked at local spending as being
3 provided by the applicants themselves.

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

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

16 I think unlike MGM which may seem to
17 a catalyst for tourism in Western Mass., I
18 think both of these applicants acknowledge that
19 there's a lot of cooperation that needs happen
20 to make sure that they are a drawing gamers and
21 visitors into their respective facilities. And
22 that leaves more money in Massachusetts, which
23 is another intended target of the legislation.
24 So, again, on that point I think both

1 applications were relatively on the same
2 playing field.

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

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

22 COMMISSIONER ZUNIGA: Thank you. I
23 would also emphasize what I've said before that
24 these were two very good proposals, two very

1 good gaming companies as has been stated here
2 before.

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

9 And I've gone back recently to look
10 at the major goals of the legislation. And
11 I've said before all of those goals in section
12 18, many of them are competing priorities. Not
13 one applicant is going to be able to maximize
14 all of them.

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

23 And that was only the beginning
24 because there was a lot more document and

1 information that continued to flow even after
2 the deadline in the form of draft environmental
3 impact reports and other things including all
4 of the testimony that we had relative to the
5 host community hearings and public input
6 meetings that we've had.

7 But back on the 18 goals of section
8 18, I will touch on some that in my opinion
9 really make me express the preference for the
10 Wynn team, because they hone in around
11 maximizing capital investment. That is clearly
12 something where Wynn comes with an edge, both
13 the total amount and the hard costs, eligible
14 capital costs as we define them.

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

22 I've already made the point in the
23 overall questions that fell under my section,
24 if you will, that I think are very important

1 and relative to capturing revenues. And the
2 way I see this, we are building a portfolio.
3 We are building on a decision that we, on two
4 decisions that we've made in the past. And
5 this decision, in my view, the Wynn team
6 complements that a little better.

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

19 I also want to touch a little bit on
20 the environmental cleanup, which I think was
21 certainly talked about in the ratings. When we
22 discussed them, I remember the notion that
23 Commissioner Stebbins advanced at that time
24 relative to community enhancements. What could

1 come around the site, if you will, which I
2 think is a very important piece.

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

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

1 prices to pay for this decision.

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

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

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

23 I'm not saying there aren't with the
24 other applicant, but I think the relative

1 comparison is an important factor.

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

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

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

24 I too in my travels to the sites,

1 travels that were enormously important in terms
2 of getting not only a flavor for what the
3 vision of the site here in Eastern
4 Massachusetts could be, but also for the
5 interpersonal relationships that abounded in
6 the sites we visited, felt that the
7 relationship between the companies and their
8 employees on both sides was extraordinarily
9 good.

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

24 I look though and I agree in terms

1 of the section 18 criteria with much of what my
2 colleagues have said. I too went through them
3 a couple of times thinking that we're getting
4 close to the decision point.

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

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

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

1 discernible conflicts anyplace.

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

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

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

19 I would because of the capital
20 investment and the economic yield primarily
21 through the labor -- I forgot to mention
22 spending. The Wynn applicant is going to spend
23 more and spend more locally than the Mohegan
24 Sun applicant is going to do. That is evident

1 if you take out some of the spending that they
2 talked about and look at marketing, food and
3 beverage, the Wynn applicant has much more in
4 those three categories than the Mohegan Sun
5 does. So, I would give the Wynn applicant a
6 slight edge because of those factors.

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

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

21 The MEPA process has not gone
22 smoothly. I understand the optimism that
23 exists, but it has not gone smoothly. It's not
24 the last step. The whole focus on the traffic

1 mitigation that we spent so much time on in
2 that MEPA process did not survive the final
3 environmental impact report.

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

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

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

24 Moreover, the long-range plan for

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

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

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

23 On the other hand, the support in
24 Everett was strong. There's a strong

1 opposition on the East Boston side. But at
2 every host community meeting we attended and at
3 the early surrounding community meetings, there
4 was not only support from the community but
5 there was support from surrounding communities.

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

18 And it seems to me that that is
19 certainly present with respect to the Mohegan
20 Sun proposal. And in Boston -- I mean in the
21 Boston opposition, there is also the Somerville
22 opposition. There is a surrounding community
23 agreement with Chelsea, but the city manager of
24 Chelsea showed up at the host community hearing

1 in Everett to announce his support for the
2 Mohegan Sun -- in Revere to announce his
3 support for Mohegan Sun proposal. So, Wynn is
4 surrounded by communities that do not have a
5 great deal of support for their effort.

6 Insofar as their mitigation payments
7 are concerned, I reject the notion advanced by
8 some that they should be required to pay the
9 entire cost of whatever improvements are made
10 to Sullivan Square and the immediate area.

11 That just is something that it's a nonstarter.

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

19 But ultimately, I have a great
20 concern about whether this project can muster
21 the kind of collaborative energy it needs to
22 move forward. It's going to take a while.
23 It's going to take the cooperation of a number
24 of interrelated entities and jurisdictions.

1 It's going to take a solution that has some
2 viability and some energy behind it.

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

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

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

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

23 COMMISSIONER CAMERON: Commissioner,
24 I share many of your same concerns, and have

1 spent most of my time talking to folks about
2 what those risks are, what are the likelihood
3 of this process being held up. And came away
4 with the slight edge, as I said, toward Wynn
5 because I tried to look at it long term, 50
6 years.

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

20 And I guess I have faith in human
21 nature and people. Once we have been
22 thoughtful and make our decision that people
23 will respect it and work toward the common good
24 for the Commonwealth. Maybe that's naïve, but

1 I came away with the slight edge in the other
2 direction when I look at the totality of this.

3 And I do realize the risks. And I
4 don't want to minimize them. But the overall
5 benefits to the Commonwealth I still came away
6 with Wynn with a slight edge. Again, both of
7 them are excellent proposals. This is not
8 easy.

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

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

20 But it's the immediate short-term
21 and it sort of gets back to the point I raised
22 before when we were talking about the July 1,
23 2015 deadline that the specter of this process
24 being held up for a considerable period of time

1 while the permitting process proceeded.

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

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

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

1 worth realizing.

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

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

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

23 COMMISSIONER ZUNIGA: I can add to
24 that conversation along the lines of what

1 Commissioner Cameron is describing. I do see
2 risks to the Wynn application. And they are
3 perhaps easier to think about because they are
4 short-term risks just like you described.

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

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

23 And I think in terms of risks, we
24 have to evaluate all of the ones in that term.

1 And if people recognize that we've taken that
2 look and we have been measured, and we have, we
3 have been very thorough in evaluating all
4 aspects as best we could, risks short-term and
5 long-term being part of them, I think people
6 will understand our position.

7 I also think and I alluded to this
8 earlier there are factors or there are systems
9 in place relative to those short-term goals --
10 short-term risks, I'm sorry that you describe.
11 There is a MEPA process. Yes, it is not
12 completed, but they have to submit a
13 supplemental. And there's process for that.

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

20 Having said that, the factors that
21 I'm a little bit concerned with when it comes
22 to the risk factors in the Mohegan application
23 are some that we don't necessarily control.
24 What I mentioned relative to margins, relative

1 to assumptions they've made, whether to repay
2 debt or not, I think speaks to their ability to
3 react to market conditions, again, that we
4 cannot control.

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

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

21 COMMISSIONER STEBBINS: As a local
22 economic development official, I've had some
23 experience with the MEPA process. And
24 everybody in this room is familiar with all of

1 those steps from environmental notification
2 forms to draft environmental impact reports to
3 supplemental environmental impact reports.

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

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

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

23 And that federal monies as I think
24 you've brought up before that had been out

1 there and available and on the table will help
2 both parties find a way to work together to
3 find a solution. And knowing that there's a
4 determined amount of resources to be put on the
5 table to do that.

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

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

23 COMMISSIONER MCHUGH: Commissioner
24 Zuniga I'm going to ask you the same question.

1 I want to find out whether -- I sort of done
2 the best persuasion I could and I want to find
3 out if there's any reason to proceed.

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

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

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

19 And I am going to place myself in
20 the optimist side saying perhaps this can be a
21 catalyst for something that has been a problem
22 for many years and in the planning process for
23 many years. It now comes with a number that
24 has certainty.

1 As I mentioned before, the applicant
2 wanted certainty. It also benefits the region
3 not just the city, because those dollars can be
4 supplemented by federal dollars if they're
5 available. I understand that there may be or
6 there have been. But again this could get us,
7 at least in theory, could get everybody
8 coalescing around a potential solution rather
9 than saying well this could never work because
10 by the way there's no funding.

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

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

20 COMMISSIONER MCHUGH: All right.
21 Commissioner Cameron same question to you.

22 COMMISSIONER CAMERON: My preference
23 is less clear and not as strong, frankly. I
24 see great value in the Mohegan what they

1 brought to the table. The relationships are
2 stronger. It gives you more confidence to go
3 with those relationships.

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

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

21 COMMISSIONER MCHUGH: We're close to
22 the center but on opposite sides of the line.

23 As I said, I've said what I can say.
24 I do presume good-faith on everybody's part.

1 There's inevitably as concerns and energies are
2 focused on something of significant importance
3 as this is, there are things that happen that
4 won't happen after a decision is made and
5 people have to move on and work together to
6 accomplish something.

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

17 But I think that I've heard and
18 we've all heard -- one of the things I think I
19 also ought to say is the value of the
20 thoughtful colleagues that we each have and the
21 way we all have tried to wrestle with these
22 ideas and think them through and come up with
23 an answer to a very, very difficult question
24 because of the high degree of quality on both

1 sides.

2 So, I would ask whether the
3 Commissioners are prepared to have a vote?
4 Commissioner Stebbins?

5 COMMISSIONER STEBBINS: Yes.

6 COMMISSIONER MCHUGH: Commissioner
7 Zuniga?

8 COMMISSIONER ZUNIGA: Yes.

9 COMMISSIONER MCHUGH: Commissioner
10 Cameron?

11 COMMISSIONER CAMERON: Yes.

12 COMMISSIONER MCHUGH: All right.

13 Then I am going to ask for a motion.

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

20 COMMISSIONER MCHUGH: Before we talk
21 about that, the way we've done it before and
22 the way I think we need to do it this time to
23 make certain that we are at the finish line is
24 to have a vote that awards to the successful

1 applicant the license contingent on their
2 agreement to all of the conditions that we
3 outlined this morning, and an agreement to
4 appear before the Commission tomorrow morning
5 at the time to which we adjourn -- And I know
6 we posted it at 10:00. -- but the time to which
7 we adjourn to signify orally and in writing its
8 agreement to those conditions. I think that
9 that is the way we need to go.

10 COMMISSIONER CAMERON: So moved.

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

13 COMMISSIONER MCHUGH: Is there a
14 second to that motion?

15 COMMISSIONER STEBBINS: Second.

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

19 COMMISSIONER STEBBINS: Yes.

20 COMMISSIONER MCHUGH: Commissioner
21 Zuniga?

22 COMMISSIONER ZUNIGA: Aye, yes.

23 COMMISSIONER MCHUGH: Commissioner
24 Cameron?

1 COMMISSIONER CAMERON: Aye.

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

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

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

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1 ATTACHMENTS:

- 2 1. Massachusetts Gaming Commission September
3 8-17, 2014 Notice of Meeting and Agenda
4

5 GUEST SPEAKERS:

6 Mitchell Etes, Mohegan Sun

7 Doug Pardon, Brigade Capital
8

9 Robert DeSalvio, Wynn MA, LLC

10 Kim Sinatra, Wynn MA, LLC

11 The Honorable William F. Weld, Mintz Levin
12

13 Lyle Hall, HLT Advisory
14

15 MASSACHUSETTS GAMING COMMISSION STAFF:

16 Catherine Blue, General Counsel
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C E R T I F I C A T E

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

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

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

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

WITNESS MY HAND this 19th day of September, 2014.



LAURIE J. JORDAN
Notary Public

My Commission expires:
May 11, 2018