

1 THE COMMONWEALTH OF MASSACHUSETTS
2 MASSACHUSETTS GAMING COMMISSION
3 PUBLIC MEETING #164
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6 CHAIRMAN

7 Stephen P. Crosby
8

9 COMMISSIONERS

10 Gayle Cameron

11 James F. McHugh

12 Enrique Zuniga

13 Bruce W. Stebbins
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18 MASSMUTUAL CENTER

19 1277 Main Street, Room 5

20 Springfield, Massachusetts

21 September 24, 2015

22 10:30 a.m. - 12:55 p.m.
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P R O C E E D I N G S

CHAIRMAN CROSBY: Okay, ladies and gentlemen, excuse me, we are ready to call this meeting to order. The 164th meeting of the Massachusetts Gaming Commission today at the MassMutual Center in Springfield. No minutes, I guess.

COMMISSIONER MCHUGH: No minutes.

CHAIRMAN CROSBY: The first item of business is Interim Director Wells, Administration.

MS. WELLS: Good morning, Mr. Chairman, Members of the Commission. So the first item under administration, just under general update, I'm just going to turn it over to Commissioner Stebbins just to give a brief update on the executive director search. My understanding is we have had a good response to that, and we're all feeling very positive about that process at this point.

CHAIRMAN CROSBY: Great.

COMMISSIONER STEBBINS: Yes. I met with our HR team and Chief of Staff Riley

1 yesterday to do some more details on the
2 process, but we got an introduction to the
3 states new HRD system how folks are
4 submitting their resumes and applications
5 online.

6 I would characterize when we open it
7 up that there's been a healthy response so
8 far, and we have continued to tap into our
9 stakeholders and our networks to talk about
10 the posting of the position. I know
11 several of us are headed out to G2E next
12 week.

13 As you come across colleagues and
14 other jurisdictions who are in the
15 industry, please share the information
16 about the posting with them, but I was
17 pleasantly surprised by the number that we
18 had come in already.

19 COMMISSIONER CAMERON: Both in-state
20 and out-of-state candidates?

21 COMMISSIONER STEBBINS: In-state and
22 out-of-state.

23 COMMISSIONER CAMERON: Excellent.

24 CHAIRMAN CROSBY: It's more

1 applicants already than we probably had for
2 the entire time last year, last search.

3 COMMISSIONER STEBBINS: I would like
4 to attribute that to the fact, you know,
5 that we are asking for a broader breath of
6 experience or we're accepting a broader
7 breath of experience in the applications.

8 CHAIRMAN CROSBY: Okay.

9 MS. WELLS: So the second item under
10 administration is just a brief discussion
11 of Plainridge Park Casino after action
12 project. We will be having Joan Matsumoto,
13 our chief project manager, give more detail
14 of this next week at our next commission
15 meeting next Thursday to give an overview
16 of the process but just wanted -- I know
17 that the Chairman is involved in this
18 project, and may want to say a few words
19 about what we're doing with this.

20 CHAIRMAN CROSBY: Yes. The process
21 is pretty well underway. We've broken up
22 all the Commission's activities into
23 activities like community relations,
24 regulation, licensing, program development,

1 operations and so forth. And we've
2 identified the key person in charge or
3 people in charge of those areas of key
4 activity, and we have had them and their
5 staff assess all of their key activities
6 that need to be a part of the after action
7 report, so we have got that now.

8 We have got a database. We've also
9 had an after action report with the folks
10 at Plainridge Park Casino to get their
11 advice and feedback. And Joan and I are
12 now going to put all that together, and
13 then go around and meet in depth with each
14 of the key activity units.

15 So, I think, Joan is doing a good
16 job and, I think, it's going to be a really
17 useful interesting stimulating project.

18 MS. WELLS: So we will have more
19 information on that next week when Joan is
20 here to present the process to the
21 Commission. So that's all the agenda items
22 we have in our administration. I think
23 I'll turn it over to Ombudsman Ziemba at
24 this point.

1 CHAIRMAN CROSBY: Okay.

2 MR. ZIEMBA: Thank you, Director
3 Wells. Commissioners, today
4 representatives from MGM Springfield will
5 present its quarterly report for the second
6 quarter of this year. And then prior to a
7 second part of their presentation regarding
8 design will also be joined by Kevin
9 Kennedy, Springfield's Chief Development
10 Officer.

11 MGM presented its last quarterly
12 review on June 25th. On that date, MGM put
13 forward a proposed opening date of
14 September 5, 2018 with construction of the
15 facility completed approximately one month
16 earlier.

17 That opening date was approved by
18 the Commission on August 6th following a
19 very significant review of scheduled
20 impacts, including impacts from the I-91
21 Viaduct project and permitting
22 requirements. It was determined on that
23 date that further work was necessary on its
24 detailed construction schedule.

1 Subsequent to that meeting in a late
2 August commission meeting, the Commission
3 discussed some delays in finalizing
4 scheduled reviews in part due to design
5 reviews in which MGM was engaged. Sometime
6 after that discussion, MGM notified the
7 Commission that it needed to consider some
8 significant changes to its design.

9 Earlier this week, the Commission
10 received the renderings that are included
11 in your packet that reflect MGM's proposed
12 redesign of the facility. This design must
13 be approved by the City of Springfield and
14 by the Commission. In addition, MGM is
15 engaged in a process of informing other
16 important state and local stakeholders that
17 have a role in approving the project.

18 With that as a background, I ask
19 Mike Mathis, MGM Springfield president and
20 his team to first provide a brief summary
21 of its quarterly report and then brief the
22 Commission regarding its proposed design
23 changes. And as I noted, Kevin Kennedy
24 will precede that design review. Thank

1 you, Mike.

2 COMMISSIONER ZUNIGA: Can I ask a
3 question, John?

4 MR. ZIEMBA: Yes.

5 COMMISSIONER ZUNIGA: Just so I can
6 get precise, the August 5th schedule,
7 August 5th is when we approved the
8 schedule, correct?

9 MR. ZIEMBA: On August 5th we
10 approved one of the dates, which is
11 essentially the opening date of the
12 facility. It wasn't a review. It was not
13 approval of all elements of the schedule.

14 COMMISSIONER ZUNIGA: Right. And
15 when were you notified about the need to
16 consider design changes?

17 MR. ZIEMBA: We were notified
18 after -- there was a subsequent meeting at
19 the end of August where the Commission
20 discussed basically it was the Section 61s
21 and how we were going to proceed on Section
22 61 findings. And after that date, we were
23 informed -- sometime after that date, we
24 were informed by MGM regarding the design

1 changes that it needed to consider.

2 COMMISSIONER ZUNIGA: Thank you.

3 MR. MATHIS: Thank you, John.

4 Commissioners, welcome to Springfield and
5 thank you for bringing a very nice day of
6 weather to the town.

7 We are going to break this up into
8 two items, as I understand it. We are
9 going to update you on our second quarterly
10 report. That naturally may lead to some
11 questions about where we are as of today,
12 because a significant amount of work
13 happens between the update of covered
14 period and where we stand today.

15 So I will hand that discussion over
16 to Brian Packer, who is our VP of design
17 and construction for the project to walk
18 you through that update.

19 MR. PACKER: Good morning.

20 CHAIRMAN CROSBY: Good morning.

21 COMMISSIONER MCHUGH: Good morning.

22 COMMISSIONER STEBBINS: Good

23 morning.

24 COMMISSIONER ZUNIGA: Good morning.

1 COMMISSIONER CAMERON: Good morning.

2 MR. PACKER: Next slide, please.

3 So, in summary for the second
4 quarter quarterly report items we're going
5 to touch on today, we essentially have
6 enabling activities on site. We have
7 actually two kind of sites we have been
8 working on. One is the regular project
9 site, and the other is the 10 Mill Street
10 or Mission site where we are going to be
11 relocating the Mission, the current Mission
12 to.

13 And then we will go through design
14 and construction commitments to date from a
15 diversity standpoint, walk through the
16 diverse contractor list of folks who have
17 commitments on our project to date and then
18 the workforce statistics for the project.

19 So, in the second quarter, we
20 completed abatement and 8 more buildings to
21 bring us to a total of 10 buildings out of
22 19 where abatement is completed. And we're
23 currently underway in the second quarter of
24 abatement on the French church and 79 State

1 Street.

2 CHAIRMAN CROSBY: What does
3 abatement mean exactly?

4 MR. PACKER: Essentially, you go
5 through and do a hazardous material survey
6 for asbestos like paint, those type of
7 materials and then you hirer a contractor
8 to come in and remove those materials.

9 CHAIRMAN CROSBY: So that has only
10 to do with those kinds of materials.

11 MR. PACKER: That's correct,
12 whatever would show up on the hazardous
13 material survey. Next slide.

14 And after the demolition or the
15 abatement is complete, we can start
16 demolition or selective demolition on
17 certain structures, Robbie's Auto, 68 Union
18 Street Car Wash and 10 Mill Street
19 obviously where the Mission was.

20 We had selective demolition of that
21 old Ore Cadillac building where we removed
22 the majority of the structure, left some
23 steel and some concrete block to rebuild on
24 top of that.

1 COMMISSIONER MCHUGH: Now, is there
2 further demolition planned?

3 MR. PACKER: Currently, the only
4 demolition to date was on non-historic
5 small structures. So we're at a point now
6 where until the historic clearances are
7 granted, there would be no additional
8 demolition.

9 COMMISSIONER MCHUGH: Until the
10 historic clearances and the Section 61s,
11 right?

12 MR. PACKER: That's correct.

13 Next slide. So the dome that we had
14 promised to salvage at the beginning of the
15 salvage and storage and protection of that
16 dome is ongoing. Additional historic and
17 reusable items we're salvaging. I believe
18 in a past update, we talked about what some
19 of those items were, wooden doors, benches
20 from the school.

21 Underground storage tanks on the
22 project, we had between 10 and 12
23 underground hits and we've removed those
24 storage tanks to date. And we've also

1 salvaged the Da Vinci Park playground
2 equipment so that we could use or relocate
3 that equipment to a location determined by
4 the city. Next slide.

5 Also, at this time, you can imagine
6 to demolish certain buildings or getting
7 ready for demolition, we have utility
8 disconnects, so we're working with Verizon,
9 Columbia Gas, Comcast, those companies to
10 complete and all the refeeds required as
11 well as the cut and caps of existing
12 utilities. Ever Source also has brought in
13 a temporary electrical service for the
14 Phase 1 of construction, so we have that
15 ready when we need power. Next slide.

16 Also, we're working with Springfield
17 Water and Sewer Commission for exploratory
18 pits to locate underground water and sewer
19 lines that will eventually either be
20 replaced or improved.

21 Site fence installation around the
22 site is complete except for where we have
23 rows that will get discontinued at a future
24 date, and we received approval on June 1st

1 on the construction management plan and
2 traffic control plan for the project. Next
3 slide.

4 CHAIRMAN CROSBY: What's the status
5 of the parking? You lost a bunch of places
6 from the surface lots. I guess, you're
7 going to lose the ones under the Viaduct
8 but they are not gone yet or are they gone;
9 what is just the sort of net situation for
10 parking?

11 MR. PACKER: So on-site, the parking
12 that has been on-site has been relocated
13 off-site. That has been ongoing for
14 probably the last four months or so.

15 CHAIRMAN CROSBY: By relocated you
16 mean you've identified new places?

17 MR. PACKER: In certain instances,
18 yes. Seth, you can probably elaborate on
19 that.

20 MR. STRATTON: Commissioner, several
21 of the parkers self-relocated found
22 suitable additional parking. One thing we
23 did to facilitate that was we entered into
24 an agreement with the Springfield Parking

1 Authority at the Civic Center garage, which
2 is adjacent to this building where we're
3 essentially -- we held an open enrollment
4 period where we had an arrangement where
5 for a certain number of parking spaces, I
6 believe, it was close to 200 spaces where
7 we subsidized them so there would be no
8 significant differential from what those
9 parkers were paying previously to what
10 they're paying now.

11 Absent that agreement, that volume
12 blocking that we agreed to with SPA, there
13 would have been a \$30 a monthly
14 differential, so we helped close that gap
15 and held an open enrollment period.
16 Several parkers signed up.

17 And, so, between that and just the
18 availability of other space, it's our
19 understanding that the majority of parkers
20 have found new parking availability.

21 CHAIRMAN CROSBY: How many spaces
22 were lost? More or less, round numbers.

23 MR. STRATTON: I don't know that
24 number off the top of my head.

1 MR. MATHIS: My recollection,
2 Chairman, is there was 700 surface parking
3 spaces throughout the 14 and a half acres.
4 Some of that obviously we're still using
5 for our own construction folks, so that
6 impacts that and is being felt outside in
7 the area. But that is my recollection
8 about the number of spaces.

9 CHAIRMAN CROSBY: Okay.

10 COMMISSIONER CAMERON: Is that 200
11 that you have contracted at the garage
12 here, is that right, 200 additional spots?

13 MR. STRATTON: I believe it's close
14 to 200. I could -- you know what, someone
15 here who could can tell me exactly and I
16 can --

17 COMMISSIONER CAMERON: Well, why I
18 ask is that I'm in that garage now and
19 there's significant renovation happening
20 and many of the spots are closed. So I
21 don't know if that affects your ability to
22 use those 200 spots.

23 MR. STRATTON: It's my understanding
24 it does not. We are on -- the availability

1 that was on the top two levels that were, I
2 believe, previously closed and then
3 determined they could be reopened. So, I
4 believe, those spaces, the full amount that
5 we had blocked were available.

6 Now, just as a matter of
7 clarification. It was a limited open
8 enrollment period because the SPA said,
9 look it, we can't keep this subsidized
10 program available, you know, open. So that
11 is not closed. It was about a month and a
12 half, and then we extended it for an
13 additional period.

14 So I don't know as I sit here the
15 total number of people who signed up, but I
16 can actually find out those numbers
17 probably before the end of the hearing. I
18 would be happy to update the Commission.

19 CHAIRMAN CROSBY: Thanks.

20 MR. PACKER: So during the second
21 quarter on 10 Mill Street or the new
22 Mission location, we completed the roof,
23 HVAC units were installed, structural steel
24 was complete and we have 50 percent of the

1 building masonry complete. MEP, as they
2 were progressing through the building about
3 60 percent complete, interior and framing
4 had started on 70 percent of the areas with
5 drywalls commencing and 50 percent of the
6 new utility company work was complete.

7 Next slide.

8 And these were some progress photos
9 during that period.

10 COMMISSIONER STEBBINS: Brian, do
11 you happen to know the difference in size
12 between the former facility and what you're
13 helping them to move into?

14 MR. PACKER: The new facility is
15 approximately 30,000 square foot. The
16 existing facility I'd estimate around 10 or
17 a little bit over 10,000 square feet but a
18 significant increase in size. I believe
19 the bed count has close to doubled. Next
20 slide.

21 And since we were here in
22 Springfield today, and I know it's the
23 second quarter update but we figured we
24 would show you a few pictures of the

1 complete Mission now that it's been
2 complete, and it was completed in August.
3 So these are a few photos of the now
4 completed and restored Ore Cadillac
5 dealership. These are both on the outside.
6 Next slide.

7 The inside, this is on the left is
8 the new dining area and this floor was
9 salvaged and saved from the original
10 Cadillac dealership. And the contractor
11 did a great job of protecting this,
12 restoring construction and we were able to
13 reuse it as a feature in the new design.
14 On the right is the hallway going down to
15 the dorm rooms.

16 COMMISSIONER MCHUGH: Going down to
17 the dorm rooms?

18 MR. PACKER: Dorm rooms, correct.
19 Next slide. On the left is their new
20 kitchen and cooking area, and on the right
21 is a photo of one of the restrooms. Next
22 slide.

23 So, in our quarterly report, I also
24 wanted to update you on our current

1 diversity design commitments, construction
2 commitments and then workforce numbers.

3 So, currently, you can see on design
4 commitments, we have two woman-owned
5 businesses working on the project in this
6 quarter. The other categories we do not
7 have companies awarded yet.

8 This would be fairly typical for
9 this point in the project in the sense that
10 the design work that has been done majority
11 of it is with one concept design firm, and
12 really this is kind of catching up on work
13 that happened last fall and early this --
14 or late this winter. So in subsequent
15 updates, you will see the work we're doing
16 to improve these numbers. In particular,
17 the parking garage, that award will be
18 going to a diverse company.

19 So, as we ramp up here with the full
20 architectural awards, our commitments to
21 you will be included in those contracts.
22 So next quarter you will see this improving
23 as well as our outreach efforts to identify
24 the firms that can help us bring the design

1 over the finish line not only nationally
2 but here locally. And we'll update you at
3 that point on some outreach efforts we've
4 had during the third quarter. Next slide.

5 On construction commitments, we've
6 had about 16 companies so far involved in
7 the project, whether it's been an abatement
8 demo or the Mission build, and these
9 numbers we're currently working to not only
10 to continue our outreach for women-owned
11 and minority businesses but also try to
12 attract the Veteran-owned businesses through
13 some of our outreach efforts to start to
14 swing these numbers as well.

15 But overall we've had, you know,
16 over or approximately just a little less
17 than 5 million-dollars in commitments to
18 diverse companies thus far.

19 COMMISSIONER MCHUGH: What's the
20 consultant count column mean?

21 MR. PACKER: The number of firms or
22 contractors that have been awarded work for
23 this project.

24 COMMISSIONER MCHUGH: Okay.

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MR. PACKER: And we'll give you a listing of those companies here shortly. Next slide.

So this lists out the total number of diverse companies from a contracting standpoint, different scopes that they have been awarded for that either have all those awards have been granted. Some work has started. Some work hasn't yet. But this gives you an idea of what we're tracking too, and the involvement around the state and the local community.

COMMISSIONER STEBBINS: Just out of curiosity, Brian, you can't find some folks a little closer to home for sheet metal and piping material? Not to stick you with somebody who gives you a higher bid.

MR. PACKER: Yes. Two levels we look at, right. Obviously I know there's local sheet metal. We talked to them as well, but then it would also be local and diverse. So this list is just diverse at this point, and I'll take note of that and actually next update we will give you a

1 listing of all the companies that are
2 working on the project. Because there are
3 many more local companies on top of the
4 local diverse.

5 COMMISSIONER STEBBINS: Okay, thank
6 you.

7 MR. PACKER: Next slide.

8 So workforce statistics, this is
9 where we track every hour worked by
10 individuals and their ethnicity on the
11 project. And, so, this is percentage of
12 man-hours expended. And as you can see on
13 women, we're 1.43 percent above our goal,
14 minority 18.98 percent and on Vets we are
15 short 1.28, and as well we will update you
16 on some of the outreach efforts. We're
17 going to try to connect the Veteran worker
18 with the unions and then with the
19 subcontractors that are on our site.

20 And with that, I'll turn it back
21 over to Mike for some of the updates on
22 design.

23 COMMISSIONER CAMERON: Before you do
24 that, the Mission looks very nice, by the

1 way, really professional being a place
2 where, I think, you know, a lot of those
3 kind of facilities really don't look as
4 nice, so that's really good work.

5 MR. PACKER: Thank you.

6 COMMISSIONER MCHUGH: It's also a
7 good start on that diversity it seems to
8 me.

9 MR. PACKER: Thank you.

10 COMMISSIONER MCHUGH: Good start.

11 MR. MATHIS: Thank you for
12 recognizing the effort. And that Mission
13 having walked it with Brian last week, it's
14 really a state-of-the-art facility. I
15 think anyone who occupies that is going to
16 be proud and feel like a lot of attention
17 was given to those accommodations, so very,
18 very happy with that. I just want to
19 commend Brian.

20 Brian came in, came on board about
21 six months or so ago and really
22 particularly in the case of the design
23 commitments, we had already gone a long way
24 to work with our master architect. It's a

1 very small pool that can design these
2 facilities in the casino business. So to
3 his point, you sort of start in the hole
4 and the MWBE firm.

5 But really since Brian has come on
6 board, and we have our friends from labor
7 in the audience, they can attest to this,
8 really a significant effort has gone
9 towards making sure we meet those
10 commitments and we're having periodic
11 meetings with all of those demographics to
12 make sure we continue to chip away at those
13 goals. So, I just really want to recognize
14 the effort that Brian has put towards this
15 effort.

16 We're going to, if I can, we're
17 going to take this slide out of order. I
18 think this would be appropriate for a
19 concluding slide because we certainly have
20 a lot of information and material to cover
21 with you. So with that, I would like to
22 start our design review if you're satisfied
23 with the quarterly update.

24 MR. ZIEMBA: I think we were going

1 to go to Kevin.

2 MR. MATHIS: No, that's fine. So
3 Kevin would like to make some opening
4 comments, and I think we're going to allow
5 him to do that, and then we'll proceed with
6 our presentation.

7 COMMISSIONER ZUNIGA: Before you do
8 that, Kevin, I'm going to come back to the
9 budget portion of the report but I do want
10 to hear first the design presentation.

11 MR. MATHIS: Sure. So Kevin
12 Kennedy, the Springfield Chief Development
13 Officer. Go ahead, Kevin.

14 MR. KENNEDY: Thank you, Mike.
15 Welcome, Commissioners. On behalf of Mayor
16 Sarno, we're very pleased that you're here
17 in Springfield again.

18 COMMISSIONER MCHUGH: It's nice to
19 be here.

20 MR. KENNEDY: It's not like you have
21 been strangers. This has been an
22 interesting process. In Springfield there
23 is an avenue called Sumner Avenue. And at
24 one point in time, it was recognized in the

1 Guinness Book of World Records as the
2 straightest avenue in America. It is also
3 at the beginning in Forest Park the home of
4 Ted Geisel, Junior, the noted author of the
5 "Cat in the Hat" books and extends out to
6 the East Forest Park area.

7 I can say that this process with the
8 casino development has not been comparable
9 to that street, and I would also say that
10 with Mayor Sarno's leadership and direction
11 we have been steady. We have also been
12 transparent, and we will approach this new
13 twist and turn in that manner.

14 One of the things that he directed
15 that we do from a staff level is to consult
16 with our consultants. And as you know, we
17 were using the Chicago Consulting Group for
18 much of our design information and they
19 performed admirably in the previous phases,
20 and we'll be using them again.

21 What I would like to do is just read
22 a short paragraph to you that I received
23 yesterday. On Monday night when we
24 received the new design information from

1 MGM, we immediately forwarded it to the
2 consulting group. We also consulted with
3 our lawyers, which was a good thing to do
4 on our part I'm sure, so if you don't mind,
5 just a short paragraph. I don't want to
6 insult you by reading to you, but I think
7 it's pertinent to where we are today with
8 the design changes that are proposed.

9 So this is from Kim Galesca and it's
10 only preliminary but it says: "Per your
11 request, let me offer comments on the new
12 revisions of the MGM plan. In short, we
13 still find these changes generally
14 acceptable and in many areas an
15 improvement. Perhaps the most important
16 overall consideration is that MGM has
17 maintained its original and precedent
18 setting development approach, that being
19 the integration of the casino development
20 into the heart of downtown and not creating
21 a standalone casino, as many other cities
22 have done.

23 "Springfield will likely be the
24 first American city to accomplish this. We

1 have always re-enforced that such an
2 approach and strategy will maximize the
3 greatest overall benefit to the city and
4 serve to stimulate the most important
5 components of leveraging this investment as
6 an economic development project.

7 "The revised site plan represents
8 some significant modifications with respect
9 to the overcall massing, layout and
10 distribution of uses but generally
11 maintains the essential components of
12 program mix, amenities and urban framework
13 of prior plans.

14 "So, from a preliminary point of
15 view, we think we're okay. But the mayor
16 has directed us to go into this further,
17 and we would expect that from your end of
18 things you will also be going into that on
19 a much greater level of detail.

20 "There are many citizens in
21 Springfield that expect that we do this and
22 that you also do that, so that's our
23 commitment to you and to the citizens of
24 Springfield.

1 "In closing, I would simply like to
2 thank you for agreeing to Mayor Sarno's
3 request for a meeting in the next couple of
4 weeks so that we can talk about all the
5 details that are before us, including
6 certain of the local permitting issues and
7 certain of the statewide permitting issues.

8 "Your staff has been very
9 cooperative. And while we haven't always
10 agreed on everything over the last four
11 years, we at least communicate in a way
12 that makes it we understand each other."

13 So with that, I don't want to take
14 anymore of your time and I thank you for
15 your time.

16 CHAIRMAN CROSBY: Thank you.

17 COMMISSIONER CAMERON: Thank you.

18 COMMISSIONER MCHUGH: Thank you.

19 MR. MATHIS: Thank you, Kevin.

20 Before discussing these changes, I
21 do want to thank the mayor's office and
22 Kevin Kennedy for their support and some of
23 the challenges that we're going to walk
24 through with you and -- but for certainly

1 for respecting the process and making sure
2 that their opinion is an important opinion
3 and that goes back to their strong
4 consulting team.

5 So with that, I want to talk about
6 where we are at with our design plan. And,
7 I think, maybe the best way to start off
8 is, Commissioner Zuniga, your comment about
9 timing, I think, is important to remind you
10 of where we're at with the last couple of
11 times we met and where we are today.

12 So in terms of background,
13 August 6th, I think, was the date we had a
14 hearing on our schedule and you'll recall
15 that as part of that discussion we
16 presented some updated renderings. Those
17 are based on discussions that we have had
18 with the cities -- the mayor's office and,
19 they were evolving. But some of that was
20 reflecting design changes that we made with
21 Springfield Historic and Mass. Historic.
22 There were updates being done there.

23 And some of that reflected as what
24 we viewed as I call them tweaks to the

1 design based upon what we believe were
2 growing construction costs at that time.
3 So, when we presented in front of you on
4 August 6th, those renderings reflected a
5 tower because, I think, the timing of this
6 is important for the public and yourselves
7 to understand.

8 Where we are today, which has some
9 significant changes, at least one, has
10 occurred really over a six-week period, a
11 five-week period. Some of that was
12 internal, some of that was with our
13 external consultant team and some of that
14 has been some preliminary discussions with
15 the mayor's office. But that all happened
16 in a very compressed period of time, and
17 that's why I'm especially thankful to Kevin
18 and the mayor's office to be able to react
19 to what was a very time-sensitive
20 discussion.

21 So I hope that helps with just
22 laying the background of where we are
23 sequentially.

24 COMMISSIONER ZUNIGA: Yes. I might

1 come back to a couple of things, but why
2 don't you go ahead.

3 MR. MATHIS: Sure. So at the outset
4 before talking about what's changed and the
5 modified design, I'd like to commit and
6 confirm what hasn't changed. Number one is
7 our unwavering commitment to Springfield.
8 There has been a lot of discussion. I've
9 heard some of those comments in the last
10 couple of days. Is MGM looking to leave
11 this opportunity?

12 Since we've won our license, there
13 has been an upstate New York competitor's
14 license awarded and certainly the tribes in
15 Connecticut are talking about bringing
16 competition. But that said, we are fully
17 committed to this design and this project.

18 What's also unchanged is the total
19 budget commitment. We will spend at least
20 800 million-dollars on this project, if not
21 more. That is unwavering. Our financial
22 commitment to the city, 25 million-dollars
23 annually, that is largely a guaranteed
24 amount. Over 40 years that is a billion

1 dollars of economic development payments to
2 the City of Springfield. That is
3 unchanged.

4 And, lastly, is the project
5 elements. As we walk around the revised
6 site plan, you'll see that while things
7 have been relocated the overall project
8 elements are still there. So, the project
9 that we promised is the project that we
10 will deliver.

11 And, lastly, and I think this is
12 most relevant to the residents of
13 Springfield are the economic development
14 elements of our project, esthetics aside,
15 3,000 jobs, 2,000 construction jobs and
16 50 million-dollars of annual and local
17 spend as we run this facility. All of that
18 is unchanged based on this new design that
19 we're proposing.

20 CHAIRMAN CROSBY: Mike, I was going
21 to ask you this at some point but you sort
22 of anticipated it, but you talked about
23 your commitments and you talked about you'd
24 heard scuttlebutt about is MGM really in

1 this. For some reason the words you used
2 to answer that question didn't sound as
3 convincing as I was expecting.

4 So let me -- you know, there is
5 chatter that because of all the various
6 issues that there's always been sort of
7 mixed feelings corporately about this
8 project and the Connecticut issues, now
9 this issue.

10 Where is MGM and MGM corporate on
11 its commitment to the Springfield project?

12 MR. MATHIS: Fully committed, and I
13 didn't mean to be tentative in a statement
14 about that. We are fully committed to this
15 project. And one of the problems with some
16 of the scuttlebutt is I just moved out here
17 with my family, my two boys and my wife, I
18 uprooted them from Las Vegas.

19 So I can assure you that I'm
20 answering those questions daily when those
21 kinds of comments are being made. I am
22 personally, our company is fully committed
23 to this project.

24 We just built an 11 million-dollar

1 Mission in downtown Springfield without
2 even touching a piece of dirt on our site,
3 and that was to make available our final
4 aggregation of the project site. So any
5 questions you have, we can answer them
6 emphatically from all levels of our
7 corporate structure. We are fully
8 committed to this project.

9 COMMISSIONER STEBBINS: Mike, I have
10 a followup to that. You made the point of
11 a number of things that aren't going to
12 change, and one of those that stuck out for
13 me is the construction workforce.

14 CHAIRMAN CROSBY: Construction
15 workforce?

16 COMMISSIONER STEBBINS: Construction
17 workforce. We have a longer schedule. I
18 don't know. Maybe this is Brian's area of
19 expertise. But you have a longer
20 construction time frame, ability to move
21 construction workers from one side of the
22 site to the other and now we're
23 eliminating, you know, the tower. Help me
24 understand why that wouldn't change the

1 number of construction workforce hours in
2 the construction.

3 MR. MATHIS: And before Brian
4 answers that, I think this is, and I'm
5 hoping this is interactive because I know
6 there's significant material for us to
7 review, but it also -- when we're talking
8 about the construction hours and the
9 construction work, one of the things we are
10 proposing in this design is to take our
11 residential program and move it off-site.

12 So, I guess, I'll just remind Brian
13 that when we're talking about that we're
14 not -- from our perspective, we're not just
15 talking about the construction within the
16 four corners. But, I think, in a positive
17 way, we're talking about the construction
18 that we would support in these other
19 residential opportunities off-site.

20 MR. PACKER: So, I usually look at
21 it when we're looking at manpower, and
22 those types of items to me it breaks down
23 to how many packages am I going to buy or
24 purchase from the open market. Those

1 packages are driven by components of the
2 project. And, so, the components from my
3 standpoint, they are not going to change
4 how I purchase them. If anything, there
5 may be another package added here for just
6 residential or sequenced a little bit
7 differently overtime, so I may have
8 additional packages.

9 But the scope that's going in place
10 from my standpoint is not changing really a
11 whole lot. So the workforce the way I am
12 purchasing it, the amount of packages, to
13 me that remains consistent. So I don't
14 really see a change that way.

15 Maybe you would if you were just
16 buying this from one large company, and
17 they could stretch the same guys out over
18 time, but we're looking to package this a
19 little bit differently. And with multiple
20 packages, still the same packages on the
21 same scope, I really don't see a concern on
22 the number of workers.

23 COMMISSIONER ZUNIGA: But isn't part
24 of this predicated on what you just said

1 and you also mentioned in your letter to
2 the mayor's office that some of this is the
3 result of you seeing cost increases in your
4 commodities?

5 MR. MATHIS: That's correct. Part
6 of the genesis of our design review -- and,
7 again, we started to show you some of this
8 in the public hearing on the schedule where
9 we showed you some of the renderings.
10 We've relocated the First Spiritual Church
11 to the other side of the plaza. We're
12 replacing some facades on some of the
13 historic buildings and as well as
14 relocating that dome.

15 So all that's to say that we started
16 to do a design review, because we
17 essentially had a reconfigured project
18 based on those discussions. You know, that
19 coupled with really what's a pretty
20 standard practice. And, again, credit to
21 Brian is when he came on board, we started
22 to get a little bit more detailed about our
23 construction cost estimates.

24 So we went out to the market, and

1 Brian can talk about that in a little bit
2 more detail. We started to go out to the
3 construction market and get harder bids, so
4 we had an understanding of what this
5 project was going to cost and the best way
6 to buy it.

7 At the same time, we were building a
8 Mission that turned out to be in a very,
9 very expensive build and we got a little
10 bit of a sense of where the market was
11 based on the number of contractors that
12 responded to the bid and what we're seeing
13 is competing projects in the market.

14 And the result of that is we have
15 skyrocketing construction costs out here,
16 and we're not the only project that has
17 felt this. Here in Springfield there has
18 been a number of projects, public and
19 private, that have announced some
20 construction budget increases.

21 So that was the genesis to look at
22 the entire project and come up with ways to
23 get back to budget. At the end of the day,
24 we will spend every bit of the 800 million,

1 and we will likely spend more. So that
2 goes back to my original comment that our
3 commitment is higher.

4 But, yes, I think the construction
5 hours generally will stay the same. I
6 think the labor rates are going to be
7 higher so we will be paying those
8 construction workers more. That's good for
9 them, not so good for us. But that's the
10 nature of the market, and we're reacting to
11 it.

12 COMMISSIONER ZUNIGA: So what is
13 your budget currently if you were to build
14 a tower?

15 MR. MATHIS: I think the challenge
16 in answering that question is we've got
17 estimates and we've got --

18 COMMISSIONER ZUNIGA: So it's a
19 budget. It's not a hard cost. So what
20 would be your budget now?

21 MR. MATHIS: Our budget is still 800
22 million-dollars, because we are pricing
23 this proposed change. But the hotel
24 component on a standalone basis represents

1 about 100 million-dollars, if that gives
2 you a sense of the scale of that component.

3 COMMISSIONER ZUNIGA: So on your
4 report, Exhibit A, does that include the
5 tower or it doesn't?

6 MR. STRATTON: If I could answer
7 that question.

8 MR. MATHIS: Yes, please.

9 MR. STRATTON: Commissioners, as
10 this letter came from me, what this letter
11 does, Commissioner, and it's going to be a
12 roundabout answer but I will get to your
13 question, the purpose is we understand that
14 this letter is to trap our expenditure
15 against our commitment as outlined in the
16 RFA-2.

17 So the common Exhibit A, total
18 estimated cost, which is the 800
19 million-dollar commitment which was
20 included in the RFA-2 and we have been
21 talking about here today plus
22 25 million-dollars in liquidity to open
23 Cage Cash is that 825 dollar number.

24 And our understanding of the

1 reporting regulations and what is set forth
2 in here is how we're tracking against that
3 commitment to hold us accountable to what
4 we committed in the RFA-2 and in the
5 various categories and what we're spending
6 this at.

7 So, the question of at the time of
8 the RFA-2, certainly the 800 million-dollar
9 figure included our best estimate for what
10 the project would cost at the time of the
11 submission of the RFA-2, and that would
12 include the tower as originally designed.

13 What, I think, you've heard from
14 Mike today as we are still going through
15 pricing exercising -- exercises, we're
16 realizing that to do the project as
17 originally designed that number would be
18 substantially higher.

19 COMMISSIONER ZUNIGA: How much?

20 MR. STRATTON: I don't, as I sit
21 here, Commissioner, know the answer to that
22 question. I'm not sure -- I'm not sure any
23 of us have a precise answer. I could
24 ask --

1 COMMISSIONER ZUNIGA: Does it
2 cover -- does your contingency cover that?

3 MR. PACKER: The contingency would
4 not.

5 COMMISSIONER ZUNIGA: So you must
6 have a sense as to how much -- see, in my
7 view, the budget is not just a monetary
8 tool. It's also a representation of the
9 scope of that you intend to build, isn't
10 it?

11 MR. PACKER: It would be, correct.

12 COMMISSIONER ZUNIGA: So if that's
13 changing, is this report not up-to-date?

14 MR. STRATTON: Let me address that,
15 Commissioner. It goes back to my original
16 response. I think, what we are
17 reporting -- there's two items we are
18 talking about here today. What is the
19 likely cost of our project and what is this
20 report on the quarterly report stand for?
21 And, I think, there's really two different
22 items.

23 We are not in a retrospective
24 look-back as to Q2 in the reporting. We're

1 not saying that our budget it changes
2 day-to-day. This chart doesn't change.
3 What we're reporting to the Commission and
4 our understanding of what the regulations
5 requires us report is how are we tracking
6 against what we said we would do?

7 And, so, I think of what you heard
8 from us today is that we are going to
9 significantly exceed these numbers. And as
10 we are tracking right now, here is what
11 we've spent. And by the end of the
12 construction, this report would show
13 probably a number in the estimating
14 remaining cost in the negative of a credit
15 balance because we're going to far exceed
16 that.

17 I don't think we are in a position
18 to today nor does this document represent
19 what -- if you asked us today what the
20 budget would be to build the design that we
21 had before, because the design keeps
22 changing.

23 COMMISSIONER ZUNIGA: Just so that
24 we understand going forward, what you

1 committed was to a project. It was going
2 to have a cost, but you committed. And
3 until we accept design changes, that is
4 what you committed to. You committed to a
5 tower so far as I understand it and you
6 need to reflect whatever you committed to,
7 not just the dollars but the project that
8 you intend to build.

9 MR. MATHIS: So, you know,
10 Commissioner, I think, one of the issues
11 that relates to that comment is the
12 different components of that budget; for
13 example, contingency. You show there a 24
14 million-dollar contingency. Different
15 projects can take different approaches to
16 how you view how much contingency you need.

17 So, from our perspective, there's
18 always the possibility to spend some of
19 that contingency on some of these overages
20 that we see. But really from our
21 perspective, we don't have a hard cost
22 until we sit down and contract with the
23 contractor and actually de-scope it and
24 settle on a lump sum payment.

1 COMMISSIONER ZUNIGA: But you have
2 estimates and those estimates, you know,
3 your knowledge of the market keeps your
4 intelligence, which is what you're telling
5 us, that those estimates are trending
6 higher, aren't they?

7 MR. MATHIS: They are, they are.

8 COMMISSIONER ZUNIGA: Which is the
9 main reason for eliminating the tower,
10 isn't it?

11 MR. MATHIS: For proposing the
12 relocation of the -- yes, that's right.
13 So, you know, part of this is a dialogue
14 about what your expectation is but these
15 numbers move -- can move day-to-day, can
16 move component to component. And we
17 understood this document to be -- recall
18 one of the sub elements of this is the 500
19 dollar minimum annual spend, which is a
20 statutory, and we've never had a concern
21 about meeting that.

22 So we always viewed this as a
23 minimum spend representation to you because
24 of that. So if there is a different

1 direction there, then we just need to
2 understand that.

3 COMMISSIONER ZUNIGA: Yes. And, you
4 know, the regulations, the reporting
5 regulations always talk about the basic
6 three elements of a construction project,
7 which includes the scope, the style of the
8 design, the schedule and the budget and
9 they're all totally related.

10 If you intend to build whatever it
11 is that you are going to build, it has a
12 cost. And depending on how long it's going
13 to take you to build it, it's all
14 interrelated. They are not individual.
15 They should not be taken as separate
16 matters for separate purposes.

17 COMMISSIONER MCHUGH: I don't
18 understand that, Commissioner. Maybe I'm
19 not supposed to.

20 COMMISSIONER ZUNIGA: Well, you
21 know, all I am saying is that there is --
22 what they are reporting to us here I say is
23 inaccurate. It's not up-to-date. The
24 total cost in Exhibit A, which is what you

1 present, does not reflect the cost that
2 you're anticipating unless you are telling
3 us that you're already assuming the design
4 changes, and you are taking that as a
5 given.

6 MR. STRATTON: Commissioner, if I
7 could respond to that. One, just with
8 respect to the accuracy, and I do think it
9 goes to expectation of what this document
10 represents but what, I think, we made clear
11 in this document that the estimated cost
12 that we're reporting is the cost set forth
13 in the RFA-2.

14 But I understand your question and
15 your concerns and, I think, the best way to
16 answer it is that when we get to the point
17 that our final design has been approved by
18 this Commission and by the City of
19 Springfield, I think we will be in a better
20 position to report against the project cost
21 versus our RFA-2 estimates, because this
22 has been a moving target.

23 As Brian works with the city to
24 alter the design, until we have that design

1 finalized and have hard bids out, it's pure
2 guesswork. And, so, to report against
3 guesswork in this document would be very
4 challenging. I think we would be in a much
5 better position to do that once we have our
6 final approved design.

7 COMMISSIONER ZUNIGA: We approved
8 the conceptual design a year ago, and it
9 included a tower.

10 CHAIRMAN CROSBY: Is the issue --

11 COMMISSIONER MCHUGH: I don't
12 understand what --

13 CHAIRMAN CROSBY: Is the issue that
14 that says estimated remaining cost and what
15 it really is is estimated remaining cost as
16 costs were calculated at the time of the
17 RFA-2, not estimated remaining costs
18 calculated against what they might be now
19 in an inflated world, right?

20 So as long as we're clear labeling
21 and so there is no misconstruction, I mean,
22 it is what it is. It is a presented
23 remaining cost against RFA projections.

24 COMMISSIONER ZUNIGA: But it depends

1 on what you are building. And if you get
2 more intelligence on -- if you get new
3 estimates on what you pretend to build,
4 then you need to reflect it in what you
5 report to us. That's my point. I don't
6 see it reflected here.

7 CHAIRMAN CROSBY: Well, I think
8 that's something we might ask. I mean,
9 that's just a matter of deciding to use
10 what reporting mechanism you want to use.
11 If we want them to report against the
12 original estimates, that's one thing.

13 If we want them to try to keep a
14 running tally of escalating costs so that
15 they try to -- I mean, you try to keep us
16 in track as best you can with what you see
17 as the ongoing evolution of the costs. I
18 am sure they'll do that.

19 MR. ZIEMBA: Commissioner, perhaps
20 staff can work with Seth. Seth just
21 mentioned that he can update it as we get
22 closer to any potential design and
23 redesign, and they can provide those
24 estimates as we go forward. It has been a

1 bit of a moving target. Our regulation
2 calls for the estimated cost of the
3 project, but we can work with Seth and his
4 team to provide the most accurate data.

5 COMMISSIONER ZUNIGA: You know, you
6 did mention that there is substantial cost
7 increases in your estimate. They are not
8 hard costs. You have not committed. I
9 understand all of that. I want to know how
10 much or remind me to. I don't see it
11 reported to us. Is it covered by your
12 contingency or not?

13 COMMISSIONER MCHUGH: Can I go back
14 to the trinity that you mentioned a minute
15 ago?

16 COMMISSIONER ZUNIGA: Yes.

17 COMMISSIONER MCHUGH: Because I'm
18 confused as to where this is headed or what
19 the underlying assumption is. But we've
20 got commitments as in -- the RFA-2
21 commitments as to costs, commitments as to
22 design and commitments as to --

23 COMMISSIONER ZUNIGA: As to
24 schedule.

1 COMMISSIONER MCHUGH: As to
2 schedule, right. And those three are
3 interrelated, but there is a certain amount
4 of plasticity in all three of those
5 inevitably. And we have seen that in each
6 of the other projects we have been dealing
7 with.

8 And, so, we have an independent
9 interest in design. We have an independent
10 interest from an economic and workforce
11 development standpoint in cost, and we have
12 an independent interest in schedule. But
13 at the same time, we have that independent
14 interest, we recognize, don't we, that they
15 are interrelated.

16 In other words, if there is a design
17 change that we think is better
18 hypothetically and it results in a smaller
19 cost but a cost still above the minimums,
20 that's not necessarily fatal.

21 And, conversely, if we have a cost
22 increase that results in a small design
23 hypothetically but one that nonetheless is
24 agreeable, the fact that we've got a

1 smaller design say in square footage is not
2 necessarily fatal. Do I have that?

3 COMMISSIONER ZUNIGA: Absolutely,
4 totally. I seem to be hearing from what's
5 here and what's being presented that there
6 has been a cost increase, and I just don't
7 know what that is. And that is the --
8 because that appears to me to be the
9 reason -- the main reason why they are
10 eliminating the tower. And because I see
11 that as the main reason, I want to
12 understand what that may be.

13 COMMISSIONER MCHUGH: Okay.

14 COMMISSIONER ZUNIGA: Unless --
15 maybe I should have asked this before. Why
16 are you eliminating the tower?

17 MR. MATHIS: Why are we proposing to
18 eliminate the tower?

19 COMMISSIONER ZUNIGA: Yes. Why are
20 you proposing to eliminate the tower?

21 MR. MATHIS: The discussion, it
22 started as one of two things, a
23 combination. It started as a reaction to
24 pricing, and that was an ongoing process

1 because of some of the other changes that
2 were happening on the site, so that was an
3 ongoing discussion. It also resulted from
4 our review of the residential program.

5 When we looked at the residential
6 program and what it will cost to build
7 those units, which are going to be great
8 units, which were going to be great units
9 on Main Street, when we figured out the
10 amount of rent we would have to charge to
11 make those pencil, in my view, I was one of
12 the people that had this view and others
13 shared it is that it was above what we
14 thought would be an appropriate for market
15 rent. Those are expensive units.

16 So, those in combination led us to
17 think about what kinds of revisions we can
18 make on the designs. You know, we call it
19 low hanging fruit and we took a look at
20 some of that and got comfortable that we
21 can make some small changes, and then
22 believed that we needed to make something
23 more significant.

24 And that is where when we talk about

1 the potential for residential to move off
2 site, because, again, we might be
3 outpricing the market, it freed up that
4 Main Street building. And then it was sort
5 of natural to think about those tower hotel
6 rooms going down on the Main Street. And
7 then, again, all the positive things that
8 we think result from that and you heard a
9 lot of that from the city just now.

10 So that's how we got there, but I'm
11 not going to -- I'm not going to pretend
12 that cost is not the issue. We have been
13 transparent about that. We have been
14 transparent about it this morning. Cost
15 led us to start evaluating the design.

16 COMMISSIONER STEBBINS: What was the
17 cost you were finding for the residential
18 units?

19 MR. MATHIS: Four or five hundred
20 thousand a unit, Brian?

21 MR. PACKER: Up to, I think, it
22 capped out at 800,000 depending on which
23 estimates you are using, so fairly
24 significant.

1 MR. MATHIS: And part of that is
2 because we talked about a residential
3 program, you're talking about that
4 beautiful Main Street facade. So baked
5 into the unit cost is the cost of the
6 shell, so to speak. So, when you think
7 about what that equates to in rent, you
8 know, for every 100,000, we think of it as
9 1,000 dollars a month in rent, so that
10 turns out to be a pretty big number.

11 CHAIRMAN CROSBY: If I sort of grasp
12 Commissioner Zuniga's point, I think
13 there's an interesting, but I think we
14 should move past this, but if what you were
15 saying was this is meant to be a reporting
16 tool so we know what is going on and if one
17 of the things that is going on is
18 inflation, which actually puts at issue the
19 fundamental scope of the project, then this
20 reporting document didn't do its job
21 because we didn't have that heads-up and
22 maybe you didn't have it either. I don't
23 know. Let's not -- but I do think you make
24 a good point.

1 So this is a very, very big issue
2 which caught us by surprise. If it caught
3 you by surprise too at about the same time,
4 then, you know, we're all in this together.

5 But, I think, it was worth offline,
6 John, you talking with MGM and making sure
7 that Commissioner Zuniga is a part of that
8 to figure out is there a missing element of
9 our monitoring that would fail to give us a
10 heads-up if something is really important
11 to have a heads-up on; i.e. cost inflation,
12 which might challenge fundamentally
13 something about the project.

14 COMMISSIONER ZUNIGA: I remember
15 those regulations because, you know, I
16 helped write them and there are multiple
17 elements that are precisely designed to
18 prevent, you know, any one of these missing
19 pieces. We have oversight people. We have
20 the scope schedule and a budget that come
21 together. We have a design review process
22 in which we will engage.

23 CHAIRMAN CROSBY: Right, and that's
24 another point. We have a contractor out

1 here whom we pay a lot of money to keep an
2 eye on this and make sure everything is
3 under control. And now that I think about
4 it, somebody might very well have said, I
5 live out here. I'm working out here all
6 the time. I know what is happening to
7 labor costs. MGM, are you aware of this,
8 are you thinking about this, what's the
9 consequences?

10 COMMISSIONER ZUNIGA: What is your
11 assumption about, you know, behind each one
12 of these numbers?

13 CHAIRMAN CROSBY: It's a fair point
14 that somehow we didn't get a heads-up.
15 Somewhere along the line something happened
16 that we didn't know about until very late
17 in the game. I think it's a point well
18 made. I understand it, and it's material.
19 I think we ought to think about it in part
20 of our own monitoring process.

21 COMMISSIONER MCHUGH: I don't
22 disagree with that. I think we need to
23 fine-tune our monitoring process. But from
24 what I understand, we didn't have a

1 heads-up because they just decided to do
2 this five weeks ago. But that does -- but
3 to underscore the point, that does -- this
4 is going to extend over a three-year
5 period, and it's inevitable that costs are
6 going to increase over that period.

7 So our monitoring, as well as their
8 planning, has to take that into account
9 from now I would think. And we have to
10 make sure that it's robust enough to do
11 that.

12 MR. STRATTON: Just to put a fine
13 point on it, Commissioners, I just want to
14 be clear that our budget has not
15 substantively changed. It's not an issue
16 that our budget has changed, and we have
17 not disclosed that to the Commission.

18 Due to the pricing we're finding,
19 given current pricing, we would be
20 substantially out of line with our budget
21 absence significant revisions to the
22 project, which we talked about.

23 CHAIRMAN CROSBY: I understand that,
24 Seth. But the fact is that there was

1 something going on in the background,
2 apparently undetected, which it shouldn't
3 have been. I mean, we have our own monitor
4 here. How come nobody thought to say,
5 look, what's happening in Springfield? We
6 can't get labor for anything.

7 How come nobody said, what's going
8 to happen to the cost of this thing? How
9 come nobody said it to you? Maybe it was
10 because you didn't have Brian. I don't
11 know. I think we made the point here.

12 MR. ZIEMBA: Mr. Chairman, in
13 fairness, there has been a lot of questions
14 back and forth between the team. I think
15 what Seth alluded to a little bit earlier
16 is that part of their process is that a lot
17 of these numbers were changing, but I just
18 wanted to be fair to our contractor that
19 there were questions throughout the process
20 of where costs go.

21 COMMISSIONER ZUNIGA: Seth, would
22 you be fair to us our commitment or total
23 budget there is one thing to think about,
24 you know, on a corporate level you've made

1 an 800 million-dollar agreement and I get
2 that. You reserved that amount of money.
3 You recognize it. I get all of that.

4 But the details within those numbers
5 evolved. And that's what I want to know as
6 one commissioner, and that's one what
7 you're required to do on a quarterly basis
8 to report to us how those things are
9 changing relative to the schedule and
10 relative to the design because they are all
11 interrelated. And going forward, I would
12 expect more timely reporting.

13 MR. STRATTON: We fully understand
14 the request and the concerns, and we're
15 happy to collaborate with your staff on
16 altering our reporting to give you the
17 information that you need.

18 CHAIRMAN CROSBY: Okay. Thank you,
19 Commissioner.

20 MR. MATHIS: We'll now go to the
21 site plan review. I think, if I can,
22 because I know we just closed out but I'll
23 make a comment. For us to be where we are
24 at in five weeks, I think underscore is

1 transparency because it took a lot of
2 effort to come up with a proposal or a
3 reaction to the pricing, to have the
4 discussions with the city.

5 So I hope you feel like we have been
6 timely in that respect, because that's a
7 significant amount of work internally and
8 externally to be in a position to tell you,
9 in fact, what you're asking for, which is
10 where are we at on the pricing. But we
11 will work with you to create a mechanism
12 that continues to keep you updated.

13 So, I think, the importance of this
14 proposed revised site plan is how
15 significantly similar it is to the site
16 plan in many ways that you've seen, and
17 that was the basis of our host community
18 agreement. All of the major elements are
19 there. All of the programming is there.

20 What we have done significantly is
21 based on some of the discussions with the
22 various historic commissions and entities
23 is we have relocated the First Spiritual
24 Church now towards Union on the other side

1 of the skating rink.

2 We're preserving 95 State Street.
3 That is an add to the project. That's in
4 the top left corner and represents an
5 addition now to the downtown commercial
6 office space that's now available. Because
7 you will recall that we talked about early
8 on taking that building down and having
9 that be the future second tower site should
10 the market demand it.

11 But with this new proposed scheme,
12 95 State Street would stay in place and we
13 now have a new proposal for what the second
14 phase expansion location would be.

15 COMMISSIONER MCHUGH: So the first
16 floor is part of the casino and then above
17 that is office space; is that --

18 MR. MATHIS: No. The first floor in
19 case of the -- well, sorry, you got that
20 exactly right. It's poker. It's now the
21 poker room.

22 COMMISSIONER MCHUGH: The poker
23 room. But right above it is commercial
24 office space.

1 MR. MATHIS: Well, I think, the way
2 to think about it is the original plan was
3 for our executive admin. offices to go into
4 101 State and, therefore, there really
5 wouldn't have been any commercial space
6 remaining if 95 were to come down.

7 We're now proposing that the poker
8 room go in the basement -- in the base
9 level and then our executive admin. spaces
10 go above that in 95. And what that leaves
11 is 101 available now for commercial office
12 space.

13 COMMISSIONER MCHUGH: Oh, I see,
14 okay. With retail on the first floor of
15 101.

16 MR. MATHIS: Correct.

17 COMMISSIONER MCHUGH: Right, got it.

18 MR. MATHIS: But, again, it's the
19 innovative design that, I think, I would
20 like to think, that the Commission and the
21 public were enamored with, which is the
22 inside out ground level engagement is still
23 there, still there almost identical to what
24 we originally proposed, restaurants and

1 retail surrounding the casino, the ability
2 to go in and out extremely purist. That's
3 all still in place.

4 CHAIRMAN CROSBY: One of the
5 elements that was most remarkable about
6 this what I would refer to as a mixed use
7 development was the residential. Are you
8 going to talk about that more?

9 MR. MATHIS: We are.

10 So, the two major changes reflected
11 here, in addition, you will see that the
12 green area, the outdoor area has been
13 expanded because of some of the moves we
14 have made, we have significantly more open
15 space, which provides, you know, tremendous
16 programming opportunities and engagement
17 with the neighborhood and the local
18 community.

19 But the two major changes were,
20 again, because of the way it evolved
21 initially on pricing and then on the
22 feasibility of the retail was to take the
23 hotel rooms and the hotel tower and
24 relocate them to Main Street.

1 Someone I heard recently describe
2 it, I think it's a great way to think about
3 it is we took the tower as a vertical
4 structure and we laid it horizontally
5 across Main Street. It's still 250 rooms,
6 in fact, 251 rooms, so the count went up by
7 one. It's still four-star rooms with the
8 same square footage, and we think it's a
9 better project for it.

10 We think there is Main Street
11 engagement. And having those folks
12 overlook the other side of Main Street, I
13 think, provides a ton of opportunity for
14 the Main Street businesses, which was a
15 really big focal point of our program and
16 our mission here.

17 COMMISSIONER ZUNIGA: Do you think
18 the elimination of the tower would have an
19 impact in your ability to attract players
20 from further in the region or, you know, be
21 attracted to, I don't know, staying at the
22 top 24th floor?

23 MR. MATHIS: We don't. If we did,
24 we wouldn't be making this decision. We

1 don't at all. I mean, the way I think
2 about it is no one from Hartford was going
3 to see the tower.

4 COMMISSIONER ZUNIGA: But they might
5 be driving down I-91 on their way to, I
6 don't know, Ski Country and say maybe I can
7 stay there next time.

8 MR. MATHIS: They may. We're going
9 to have tremendous signage to let them know
10 that we're there. So, I don't think of the
11 tower as the way we were going to attract
12 our players. We were going to do it
13 through our database, through marketing
14 through the shows that we were going to put
15 into the MassMutual, which was a
16 significant part of our commitment.

17 So, you know, the Springfield
18 skyline is littered with highrises.
19 Highrises aren't what's going to make this
20 work. It's going to be the collective
21 programming energy, our MGM brand, our
22 database that's going to make this work.

23 So, a tower we believe would have
24 been very effective. In fact, we are

1 proposing that the location for our second
2 phase tower if the market demands it,
3 justifies it, would be that tower in the
4 location that we currently had it at. So
5 that is now our expansion, our proposed
6 expansion site. But, no, we don't believe
7 that that impacts our ability to market at
8 all.

9 So the other aspect to this is the
10 residential going off-site. And we
11 believe, again, because of -- because of
12 what the market rents would have been that
13 we would have had to charge that there is
14 an opportunity to take those -- to take
15 those residential units off-site outside of
16 the four corners of our property and my
17 department is spread the wealth, energize
18 some other sector or sectors, potentially
19 plural, to replicate those units.

20 We are in discussions with the
21 developer at 31 Elm Street. You know,
22 we've talked a lot about Court Square. I
23 think I'm proudly -- very proud of what we
24 have done in Court Square because, I think,

1 more and more there are not only our events
2 but others that are looking at Court Square
3 as a venue to showcase downtown
4 Springfield. And there are many examples
5 of that, including a recent brew fest,
6 including a jazz festival. A lot of it, I
7 think, started with our focus on that
8 location.

9 So, just a block away is a historic
10 Court Square hotel. We're in initial
11 conversations with that developer about it
12 being a boutique hotel room. But, again, I
13 think that has the potential to cannibalize
14 some of the downtown hotel business. So,
15 for us it was frankly a no-brainer to think
16 about that as the possibility of relocating
17 our residential units and energizing that
18 square.

19 We are in discussions with them
20 about supporting their investment in doing
21 so. Those are ongoing. We are going to
22 have another meeting with some principals
23 on that shortly. We're also looking at a
24 couple of other sites, so that we are not

1 just tied to that potential development.

2 But we think for those reasons we
3 can do it more efficiently, more
4 cost-effectively and then make those a
5 little more market-rate friendly to people
6 that would want to go into those units.

7 COMMISSIONER ZUNIGA: So those costs
8 now are not going to be able to be included
9 in the minimal capital investment because
10 they are off-site, correct?

11 MR. MATHIS: I think that might be
12 an open question if we're committing to do
13 it as part of our project. I will just
14 remind you and, I think, Seth has -- Seth
15 and Jed have the most technical background
16 on this. But as we drew the lines on what
17 the gaming area, gaming establishment were,
18 even with it on site, I think there was an
19 understanding from your staff that that was
20 not part of the gaming establishment.
21 Those were really -- that was an ancillary
22 development that happened to be on the site
23 because that is not part of the statute,
24 not part of the regulations.

1 COMMISSIONER ZUNIGA: So you never
2 included them in the minimum capital
3 investment.

4 MR. MATHIS: No, we did, we did.
5 But if you allow them to be, they will be.
6 I think we will be over that number, so I'm
7 not worried about hitting the number. I
8 think that is a little bit of what you
9 would like included and reported, and I
10 think that's a little bit from our
11 perspective a little bit of an arbitrary.
12 We'll take credit for it, because we're
13 going to put the money in for it but
14 whether you call that the 800 or not.

15 COMMISSIONER ZUNIGA: Well, our
16 regulations state that the 500 million that
17 you did break out in your report in Exhibit
18 A are for costs allowed on the minimum
19 capital investment and that includes the
20 site costs, the costs incurred on the site,
21 not off-site.

22 MR. STRATTON: I agree with your
23 interpretation, Commissioner, that should
24 we make an investment off of the project

1 site that per the regulations it would not
2 be included in the 500 million-dollar
3 minimum capital investment required.

4 CHAIRMAN CROSBY: So you might
5 co-develop the housing.

6 MR. MATHIS: That's right.

7 CHAIRMAN CROSBY: But it's staying
8 a -- it's staying a committed element.

9 MR. MATHIS: That's correct.

10 CHAIRMAN CROSBY: It's not something
11 that might happen. It's something that
12 will happen as part of the deal.

13 MR. MATHIS: Absolutely right.

14 CHAIRMAN CROSBY: On the number of
15 units, where are you on that?

16 MR. MATHIS: Yes. We're DHCH talks
17 about 52 or 54. I can't remember as I sit
18 here today, and we will commit to support
19 the co-development of those number of units
20 and maybe one or two to the plus or the
21 minus. For example, if we find a great
22 building that's 51 units, I'd like to think
23 that the Commission then would be open to
24 that meeting the spirit of the commitment.

1 But we understand the unit count, and we're
2 committed to that number.

3 COMMISSIONER ZUNIGA: So initially
4 you were contemplating -- you said earlier
5 that those units were going to put you in
6 the range of 4 to 800,000 a unit, which is
7 not what the market can bare in terms of
8 rental market here in Springfield. So,
9 you're technically eliminating about say
10 30 million-dollars from the on-site, right,
11 if you take, let's say, 50 units times
12 600,000.

13 MR. PACKER: Plus or minus, correct.

14 COMMISSIONER ZUNIGA: So you're
15 confident that because of your cost
16 escalations elsewhere that you're sort of
17 estimating you can replace those
18 30 million?

19 MR. MATHIS: Well, I think Brian,
20 that some of that count was confirmed
21 includes the facade work, right, going back
22 into it. So some of those costs are
23 inheriting the core and shell building
24 where the hotel rooms would go.

1 COMMISSIONER ZUNIGA: But they were
2 included before.

3 MR. MATHIS: They were, they were.
4 I just want to make sure that we're not
5 implying that we've taken 30 million out of
6 the budget because, I think, some of those
7 are overlap with what will be the new hotel
8 core shell, but it's a significant number.

9 MR. PACKER: That's correct, Mike.

10 COMMISSIONER MCHUGH: As I listen to
11 this dialogue, I know we need a lot more
12 reporting back and forth and seeing how all
13 this plays out. I was, as I think all of
14 us were, really thrilled by the original
15 design that was presented. And, so, this
16 does come as a bit of a shock initially.

17 But as I listen to it and think
18 about it, some of the innovations that made
19 this so attractive were the sort of out of
20 the box thinking about what to do with this
21 six square blocks of really devastated
22 area.

23 And the idea that maybe the same
24 kind of out of the box thinking can be

1 pushed across the street or down the road
2 and still be part of the project, it seems
3 to me is something we really need to hear
4 more about.

5 Because unless we're committed as a
6 Commission to encapsulating, and the city
7 of course, the city is the first -- has the
8 first approval of all of this, unless
9 everybody is committed to having what was
10 initially proposed frozen in place, it
11 seems to me that the kind of changes,
12 cost-driven, though they may have
13 started -- cost considerations, though they
14 may have started the process, the kind of
15 creative thinking that went into this
16 initial thing ought to be encouraged for
17 how to move forward and think about other
18 things that could make this enhancement of
19 this blighted area spread around a little
20 farther.

21 So I don't want -- I know we need
22 to -- and I support Commissioner Zuniga's
23 focus on the cost, and I think we need to
24 do that. But I also don't want to have it

1 thought that we're committed to not change
2 what was initially shown to us.

3 CHAIRMAN CROSBY: I think it's a
4 really good point. I mean, we don't want
5 to fall prey to the trap of saying just
6 because change was initially cost-driven
7 that it must be inherently bad. Because it
8 was cost-driven, it's probably a good
9 reason to be inherently skeptical or
10 inherently rigorous in our betting but, you
11 know, I am just stating again what
12 Commissioner McHugh said.

13 You impressed everybody in the
14 Commonwealth, including the governor, by
15 the creativity of the proposal. If you
16 could bring the same skills to addressing a
17 cost-driven issue, as long as it's still
18 within the parameters, we don't want to be
19 reflexively negative to that and we want to
20 encourage you, as Commissioner McHugh was
21 saying, to turn a bug into a feature and
22 see what you can do on the housing side.
23 It could be great.

24 COMMISSIONER CAMERON: Brian, did I

1 hear you say that the housing portion of
2 this may be a Phase 2?

3 COMMISSIONER ZUNIGA: No, the tower.

4 CHAIRMAN CROSBY: The second tower.

5 COMMISSIONER CAMERON: Okay. But
6 not this piece.

7 MR. MATHIS: No. In fact,
8 Commissioner Cameron, it would be just the
9 opposite. One of the things, and I
10 mentioned this in my letter to the mayor,
11 one of the attractive things about going
12 off-site is we believe we can bring those
13 units on ahead of the opening of the
14 overall facility.

15 So the second phase part of the
16 discussion was that day, and I am confident
17 that day will come when the market
18 justifies another 250 rooms we would
19 propose to put that tower on top of where
20 the current location is. And for those
21 that love the tower, that would be the site
22 for it.

23 So I think -- and I appreciate your
24 comments about this evolving process and I

1 think you're right to be skeptical when it
2 starts with the pricing exercise, candidly
3 I was skeptical as well internally and I'm
4 too close to it to know whether the new
5 design is truly an additive. But hearing
6 reactions to other folks, including the
7 city's consultants, I do believe that this
8 new design is more in the spirit of what we
9 had always talked about, which was bringing
10 people down to the street.

11 So with that, and, again, any
12 questions you might have, I think, the next
13 slide. You'll see the second floor
14 reflected there of our site plan. And,
15 again, along Main Street this is very
16 similar to what you have seen in the past.
17 Instead of residential units, you will see
18 hotel rooms.

19 And we talk about the suites,
20 Commissioner Zuniga, you will see a
21 rendering in a moment. But the corner of
22 Howard and Main, which is where that
23 circular component is, is going to be our
24 now new high-end suite. And, I think, I

1 will put on my sales marketing hat because
2 that is partly what I am paid to do.

3 You can go to any -- you can go to
4 any high-rise in Vegas or other markets and
5 be in a penthouse or in a high-end suite.
6 I don't know anywhere in the country that
7 you can be in a unit like that overlooking
8 a downtown Main Street, which is really
9 special, pretty special architecture that I
10 think this new proposal lends itself to.

11 So, the two large units are on the
12 far sides of that plan. The large -- the
13 large space to the top left of the program
14 is one of our suite corridors and, then
15 again, that circular space that goes all
16 the way up six stories is the other
17 high-end product that we are proposing.
18 The same unit count. In fact, I think one
19 more unit and same size, four-star rooms
20 maintaining our commitment.

21 COMMISSIONER STEBBINS: Mike, if you
22 don't mind, can you go back to the previous
23 slide? I want to give you the chance to
24 address obviously one of the other historic

1 properties, which was 73 State, which was
2 previously going to be the tower hotel
3 lobby. Can you talk through where the
4 lobby moved to, what your changes are with
5 respect to that historic building?

6 MR. MATHIS: Sure. What you see
7 there, and maybe let me start with where
8 the new lobby would be for the hotel. The
9 new lobby would be off of Howard. You can
10 see it just above the green there and --

11 COMMISSIONER ZUNIGA: Do you have a
12 pointer by any chance?

13 CHAIRMAN CROSBY: It's a vestibule.

14 COMMISSIONER ZUNIGA: Because I was
15 going to ask that.

16 MR. MATHIS: I don't, sorry.

17 CHAIRMAN CROSBY: I have a stick
18 pointer if you want to stand up there.

19 COMMISSIONER MCHUGH: I have got it.
20 I got a light. I sleep with it.

21 COMMISSIONER STEBBINS: A judge that
22 travels with everything. Just in case you
23 want to do a presentation.

24 COMMISSIONER MCHUGH: Right.

1 CHAIRMAN CROSBY: Want to make him a
2 cup of coffee too.

3 MR. MATHIS: Let me guess, you were
4 a boyscout.

5 COMMISSIONER MCHUGH: How did you
6 guess?

7 COMMISSIONER CAMERON: Eagle.

8 MR. MATHIS: Thank you. So the
9 lobby is -- the new lobby is right there.
10 It's a pedestrian lobby, not a vehicular
11 lobby. And I say that because what is also
12 reflected in the plans is -- where is that,
13 Brian? What's reflected in the plan from a
14 vehicular standpoint is a dropoff here
15 underneath the garage.

16 So we're consistent with the
17 original plan, because we want to in a lot
18 of respects in terms of environmental
19 impact didn't want to have to restart that
20 process. So vehicles would still be
21 accessing the garage. The lobby used to be
22 there. It's now proposed to be here.

23 This is a very common design in Las
24 Vegas where you have a nice lobby, valet

1 entrance that is covered now. And then
2 guests through bellmen or themselves would
3 think of this lobby for check-in. So
4 that's the new location of the proposed
5 lobby.

6 Now going to the old 73 State
7 Street, this is the location for what we're
8 calling the South End market, which is our
9 advanced food market. It still has 73
10 State Street as the proposed facade and you
11 will see a rendering shortly, but it's
12 really a pretty gorgeous building as
13 refigured. And, then again, we are
14 proposing that that now be the podium for
15 the future expanded tower if when that
16 market -- if and when the market justifies
17 it.

18 COMMISSIONER ZUNIGA: So if you're
19 checking into the hotel because and you
20 drove, whether you valet or self-park, do
21 you have to go through the casino to get --
22 to check in?

23 MR. MATHIS: No, not through the
24 casino. Along the corridor that's

1 immediately -- for some reason, it's not
2 picking up but immediately to the right of
3 the casino.

4 COMMISSIONER ZUNIGA: In the lighter
5 purple?

6 MR. MATHIS: Yes, in the lighter
7 purple.

8 COMMISSIONER ZUNIGA: What was the
9 case before?

10 MR. MATHIS: You would have gone
11 through the lobby, and it would have been a
12 closer movement up to the hotel elevators.
13 But, again, from what the industry looks
14 at, that's not a major movement and
15 certainly not through the casino, which is
16 what some of the others in the industry
17 would have you do. So in a lot of cases, I
18 think the bellman would be taking that --
19 would be the kind of service we would be
20 expecting to do but a relatively short jog
21 over to that lobby.

22 The other thing, while we're on this
23 plan, in terms of what I call the
24 low-hanging fruit when we looked at how to

1 get the project back in balance and it will
2 still likely exceed it is we took a level
3 off our -- we're proposing to take a level
4 off the garage.

5 The reason -- a couple of comments
6 there, and I think this is consistent with
7 some of the earlier presentations. The
8 garage was originally sized for peak days.
9 And what we call it the peak days, that is
10 when the MassMutual Center is, you know,
11 the convergence of a lot of activity.
12 MassMutual center is going with a concert,
13 we have a particularly heavy holiday
14 weekend, for example, in which case the
15 garage was sized to accommodate all of that
16 traffic as well as our employees.

17 What we are proposing by reducing
18 the level of the garage is to remove about
19 I want to say 150 or so spaces, not the
20 full level of what the deck would have
21 required. Because we reconfigured the
22 design so that removing a level of the
23 garage, while it helps with the
24 construction budget, doesn't materially

1 impact the overcall count. And we will
2 provide you with more information.

3 I know you're all digesting this for
4 the first time and more details will come,
5 but I'm just giving you some broad base
6 points here. So in those rare
7 circumstances where we're at peak, we would
8 take those employees, again, as is common
9 in the industry and shell them from an
10 adjacent surface lot and that would be a
11 handful of times a year when there is peak.

12 Those represent the major moves
13 architecturally on the new proposed design.
14 Next level, next plan. I think I was just
15 touching on this. But one of the nice
16 features of bringing the hotel guests down
17 is it creates a lot of great opportunities.

18 You can see now because it's a
19 horizontal building there are more
20 opportunities for guests to be on the group
21 deck. I guess that's sort of intuitive.
22 But now we have a pool. I call them the
23 nine rooms, that would be in this area,
24 that now would actually go back up to the

1 pool deck on that level.

2 And then we have all this great
3 green space that we can provide to those
4 guests that are on this level that weren't
5 available when it was a very vertical
6 building. So, we believe that is one of
7 the enhancements and you will see a
8 rendering shortly that shows that.

9 We also have this great roof deck
10 opportunity that now looks down into the
11 plaza. So, I think a lot more engagement
12 with our guests into the podium versus
13 being up in the tower. I won't say
14 anything too negative about the tower,
15 because we are proposing that for the
16 second phase. So I recognize that I can't
17 have it both ways but, again, I think
18 that's one of the benefits of laying it
19 down horizontal.

20 And then lastly, one of the things
21 that happens when you are doing these
22 design reviews is you go and meet with
23 tenants and operators who actually are
24 going to run these facilities, and one of

1 the things that is reflected in this plan
2 is the cinema. We are getting very close
3 we believe to locking down an anchor cinema
4 operator, and we've met with them and they
5 provided some design review, one of which
6 was to bring the kitchen upstairs, which
7 then impacted the way we laid out these
8 cinema screens.

9 So some of what we are talking about
10 in the evolving nature of this is when
11 you're talking to the experts that get to
12 operate these facilities, they give you the
13 kind of input that you didn't have two
14 years before when we were presenting to
15 you. If there's no questions, we will go
16 on to the next slide.

17 So, in terms of what is now our
18 penthouse, this is what used to be the
19 apartment view. This column now is where
20 our high-end suites would be and this is
21 the Main Street frontage, which is a
22 low-rise, you know, sort of a human scale
23 some people have called it.

24 We added a single level to it,

1 again, because of the imposing architecture
2 that moves up and down, we think that is
3 consistent with that Main Street feel. We
4 are going to have the opportunity to do
5 balconies. So, you can sort of imagine --
6 on some of the units, you can imagine sort
7 of a New Orleans type feel and engagement,
8 so we think it's beautiful. We think it's
9 a positive for Main Street, and it will
10 further distinguish us as one of the more
11 unique experiences in the industry.

12 COMMISSIONER MCHUGH: Is the -- I
13 forgot. I'm sure one of the slides shows
14 it. Is the bowling alley still there?

15 MR. MATHIS: It is.

16 COMMISSIONER MCHUGH: It's
17 underneath the cinema?

18 MR. MATHIS: Correct.

19 COMMISSIONER MCHUGH: Same place.

20 MR. MATHIS: That's right. Next
21 slide. I talked about some of those units
22 that back up into the pool when we are
23 looking at a plan level. This is a
24 depiction of those. So these are now the

1 units that would, again, those would
2 represent some of our better unit rooms
3 would now have access to the pool deck as
4 well as all the other guests. And then in
5 the back, you can see more of those units
6 now have close proximity to the roof deck
7 and the roof gardens.

8 COMMISSIONER MCHUGH: Who has access
9 to the little park area -- the third park
10 area that overlooks the --

11 MR. MATHIS: Yes. We haven't quite
12 programmed that yet but, I think, initially
13 it would be convention guests and those
14 operating in the convention space. But we
15 could certainly provide access to the hotel
16 guests as well. And potentially if we did
17 some F and B out there, we could provide it
18 to the general public.

19 COMMISSIONER ZUNIGA: Michael, what
20 is that entrance at the bottom of the
21 middle of that slide?

22 MR. MATHIS: Right there?

23 COMMISSIONER ZUNIGA: That entrance.

24 MR. MATHIS: That is the lobby.

1 COMMISSIONER ZUNIGA: How deep is
2 that pool?

3 MR. MATHIS: We haven't reached that
4 level of design yet.

5 COMMISSIONER ZUNIGA: What's
6 underneath that pool?

7 MR. MATHIS: The casino.

8 COMMISSIONER ZUNIGA: And that's the
9 second floor?

10 MR. MATHIS: That's right.

11 COMMISSIONER MCHUGH: It's not going
12 to leak.

13 MR. MATHIS: They sometimes do but
14 --

15 COMMISSIONER STEBBINS: Nobody go
16 diving unless they open up the canal.

17 MR. MATHIS: If you can build a
18 canal, you can build a pool above the
19 casino. Next slide. This actually you saw
20 in our August 6th presentation. This was
21 some of the progress we had made with
22 Springfield Historic and Mass. Historic.
23 We're relocating the First Spiritual
24 Church. And at the request, we are

1 flipping it so that it faces outward
2 towards Union. And now it anchors what is
3 the ice rink and the Farmer's Market.

4 What they also asked us to do is to
5 replicate this trellis, which is a bit of
6 paying tribute to the prior structure that
7 was there and then what you're looking at
8 is the back of the armory. So, I think the
9 outdoor space is that much better because
10 of some of their input and, again, will
11 make for a really unique experience.

12 COMMISSIONER MCHUGH: Do you have a
13 use for the church yet?

14 MR. MATHIS: No, we haven't. We
15 debated anything from a coffee shop to a
16 wedding chapel, which seems appropriate.
17 So, I think, we are leaning more towards a
18 wedding chapel.

19 COMMISSIONER STEBBINS: Are you
20 replicating the trellis -- just the
21 trellises or is it going to be covered?

22 MR. MATHIS: I think right now it's
23 just going to be the trellis. I think I
24 talked to you in the past about maybe the

1 potential to cover it to create a seasonal
2 experience, but right now the plan is just
3 an open air venue. That's some of the
4 further detail that comes as you sort of
5 evolve the design. Next slide.

6 And then this is State Street along
7 what is now 95. You see the Starbucks sign
8 shown on the 95 building. I think the
9 importance of this -- of this programming
10 is it really, I think, takes care of the
11 downtown commercial business. Right across
12 the street from this is the courthouse and
13 those hundreds of employees.

14 So this is an example where I could
15 easily see people patronizing this coffee
16 shop and never stepping foot into the
17 casino. Because, again, all of these
18 elements are on the outside and you can go
19 in and out without being directed through
20 the casino. Next slide.

21 This is what the new 73 State Street
22 building would look like based on our
23 proposal. In fact, at the request of the
24 city, and it was a really good one, we took

1 what was going to be a glass enclosure of
2 our now south end market and did it in
3 stone to keep more consistent with the
4 downtown feel. And, I think, I don't want
5 to speak for them, but I think we're
6 receiving some positive feedback about the
7 way that building now feels.

8 And because of the scale, it really
9 dramatizes and accentuates the 73 State
10 Street facade, which is a gorgeous facade
11 because now that's more dominant. So feel
12 very good about it. It's, I think, based
13 on some of the city feedback, it's
14 something that they believe is really
15 attractive and it brings it down to a human
16 scale street level. Last slide.

17 I wanted to close with this one
18 because there has been some discussion and,
19 I think, it's a subjective opinion but
20 having been on a campaign trail, you know,
21 there comes about what was the image that
22 was most impactful to the voters and we
23 also led and closed with this image and
24 this image is not a skyscraper.

1 It's what Springfield used to be,
2 which is people out on the street, public
3 transportation, a lot of engagement on the
4 sidewalks and we think this new design
5 literally brings that photo to life. So
6 that's, again, part of what we think is
7 positive about this proposal and we hope
8 and expect it will resonate with the
9 public.

10 That concludes our presentation. If
11 you have any questions, this is the
12 beginning of the process so, again, we know
13 you need to digest this and all different
14 constituencies need to and we will be back
15 with more information.

16 COMMISSIONER ZUNIGA: What does that
17 do to your current schedule, this design
18 change? Because let me make a parenthesis.
19 In your report this quarter, which you have
20 reported prior, the design work for the
21 hotel tower started on February of this
22 year and you had a duration of 264 days.
23 If you're making these type of changes, you
24 need to make significant design changes.

1 Where does that put you in terms of the
2 current date?

3 MR. MATHIS: Brian, let me let you
4 answer that.

5 MR. PACKER: We're still committed
6 to September of '18. We are currently
7 sequencing the schedule right now that will
8 account for all of that. I believe that
9 process internally is at least three weeks
10 to four weeks to get done. There's
11 thousands of activities we are looking at.
12 But we're committed to still hit the
13 opening target date.

14 COMMISSIONER ZUNIGA: What if it
15 takes us a little while to analyze some of
16 this with our consultants and, you know,
17 issue those Section 61 findings; for
18 example -- and I wanted to mention this
19 towards the end but I would like to
20 corroborate some of what you say here and
21 have a second opinion from one of our own
22 consultants relative to your ability to
23 attract players and get the revenues and
24 see what that does to your return

1 investment, et cetera, et cetera.

2 MR. PACKER: We will account for
3 that review through our preliminary
4 discussions with staff and continued
5 discussions, we will account for that in
6 the schedule.

7 COMMISSIONER ZUNIGA: So, is your
8 design now on hold, the design for, you
9 know, all of those renderings that you
10 presented?

11 MR. MATHIS: We are going at risk
12 and spending money progressing this design
13 in the hopes that we will get an approval
14 for it, so we're going on parallel tracks.
15 On the design, we have reached a pretty
16 good level with the prior design so we
17 don't feel like we have an issue there as a
18 matter of catching up this proposed design.
19 But, I think, what I really speak to is
20 parallel activities.

21 We are looking to, and maybe this is
22 more we should go back to the slide, our
23 next steps, but we are looking to do some
24 work on the site. And, I think, that when

1 Kevin Kennedy spoke about some of the
2 things we are looking to hold, they are
3 asking us to make sure that we can get it
4 going as quickly as we can, on-site work to
5 maintain schedule. But in any event, we
6 are committed to the September '18 date and
7 we will give you the proper amount of time
8 you need to evaluate this.

9 So this is not a matter of we need
10 to get this approved right away without the
11 proper due diligence that you're talking
12 about. But we are accommodating parallel
13 activities, spending money at risk to
14 maintain that schedule.

15 COMMISSIONER ZUNIGA: Because you
16 remember of course when you asked for that
17 schedule extension, you know, you told us
18 that you had had to believe in a date in
19 order to be able to deliver. Is that a
20 date you still believe in?

21 MR. MATHIS: Absolutely, absolutely.
22 We have been talking to potential tenants
23 and shows and they are asking what the date
24 is and we're committing to that September

1 date because you need that kind of
2 certainty this far out, so that's
3 unchanged.

4 COMMISSIONER ZUNIGA: I also wanted
5 to chat a little bit about you're also
6 eliminating one floor of parking in the
7 parking garage, correct?

8 MR. MATHIS: Correct.

9 COMMISSIONER ZUNIGA: What does that
10 do in general to your plans to attract
11 players, to mitigate downtown parking, the
12 courthouse, your ability to pay -- to offer
13 free parking, all of that?

14 MR. MATHIS: Yes. As I mentioned
15 earlier, the concept there is that the
16 original number of parking spaces we're
17 tied in what we call peak demand, which
18 also accommodated our employees. I think
19 the impact of taking off the level of the
20 garage, which doesn't take a full level of
21 space count out because of some of the
22 re-design we've done will just result in a
23 handful of days during the year when we
24 have that kind of peak demand where we will

1 need to shuttle our employees from an
2 off-site lot.

3 There are many properties in the
4 industry that shuttle 100 percent because
5 parking is such a demand. So we don't
6 certainly think that that's a constraint in
7 an urban environment in any event where
8 it's not a given. You can pull up and park
9 right next to your place of work.

10 So that's the way we're handling it.
11 As far as the customer is concerned, it
12 won't impact them. They won't feel it.
13 It's net wise the same number of spaces as
14 the original plan and will fill in our
15 employees a handful of days.

16 COMMISSIONER ZUNIGA: So how many
17 spaces were before, regardless of the
18 shuttling, how many spaces did you have
19 before and how many spaces will you have
20 now?

21 MR. MATHIS: Yes. I think we were
22 at 3,600 or so in the original plan and
23 we're right around 3,400 with the new plan,
24 so 200 spaces.

1 COMMISSIONER ZUNIGA: 200 spaces?

2 MR. MATHIS: Yes.

3 COMMISSIONER ZUNIGA: And a whole
4 floor just taking up 200 spaces?

5 MR. MATHIS: Yes, Brian, make sure
6 I'm right on that. But, again, because of
7 some of the layout --

8 MR. PACKER: Yes, that's correct.
9 Some of the layout on the first floor got
10 reconfigured, so you gained almost half a
11 floor there.

12 COMMISSIONER ZUNIGA: Help me
13 understand how can that be.

14 MR. PACKER: There was a large
15 warehouse there and a warehouse shifted to
16 some spaces on a little bit on the first
17 floor and some on the second floor. So by
18 not having that entire warehouse in the
19 garage, it opens up to parking.

20 COMMISSIONER ZUNIGA: What was in
21 the warehouse before?

22 MR. PACKER: When you say what was
23 in the warehouse before --

24 MR. MATHIS: Yes, just other

1 storage. So, I think, essentially we added
2 to our bacca house program and we just
3 relocated it up and other things moved.

4 MR. PACKER: Storage wracks and
5 coolers.

6 CHAIRMAN CROSBY: Second floor there
7 is a lot of --

8 MR. MATHIS: Yes, a little more
9 yellow than I think the original plan.

10 COMMISSIONER STEBBINS: Just there
11 is a lot of talk about the garage. Some of
12 the earlier design viewpoints you gave us
13 kind of showed everybody coming up 91.
14 That's where the bulk of your traffic is
15 going to come from through that Longmeadow
16 curve and I'll be interested to see as you
17 move forward with new design renderings
18 that you're going to share with the city
19 and share with us kind of what the view
20 from the approach looks like.

21 Early on in this Commission's life,
22 we met with the Boston Society of
23 Architects, and one of the projects that
24 they showed us that went really afoul that

1 kind of scared most of us was the project
2 in Pittsburgh where all of a sudden the
3 garage rose above the casino.

4 COMMISSIONER ZUNIGA: They
5 eliminated floors in the casino and kept
6 the garage.

7 COMMISSIONER STEBBINS: Anyways, the
8 garage was higher than the casino. So that
9 might still be a nightmare. It's a
10 nightmare for me, and it's one of the
11 reasons that we decided to engage somebody
12 to be a project manager to make sure those
13 things don't happen. But I would be
14 interested in seeing some of that
15 viewpoint.

16 MR. MATHIS: Sure.

17 COMMISSIONER STEBBINS: Certainly I
18 understand the tower coming down, you know,
19 but the tower was kind of the moniker to
20 know that you're approaching MGM in the
21 City of Springfield and happy to hear
22 you're taking it down a level, you know,
23 kind of lessened the viewpoint or impact of
24 the garage. But it would be interesting to

1 see some of that viewpoint, because it was
2 a heavy part of your presentation early on
3 in that approach.

4 MR. MATHIS: Sure, understood. And
5 we are developing those, those
6 perspectives.

7 COMMISSIONER MCHUGH: I think that
8 we have had some preliminary conversations
9 about the elements that are necessary in
10 order to hold that September '18 date. One
11 of them is clearing the site, and there
12 can't be any clearing until we do the
13 Section 61.

14 So I know that the staff is prepared
15 to work as quickly as is possible and our
16 consultants as quickly as they can do it to
17 take a look at this, but there has to be
18 the detail to take a look at it. So there
19 are still a number of moving pieces to get
20 this over.

21 I would very much like to continue
22 the idea that we would move the Section 61
23 process forward as quickly as is possible,
24 but we need detail in order to do that.

1 MR. NOSAL: Commissioner, we've had
2 those preliminary discussions with staff.
3 We're certainly committed to that as well
4 obviously continuing on with the various
5 other process and permits that we need on a
6 state level to ensure that happens, to
7 ensure you can end up in a place reviewing
8 those Section 61 findings. We made
9 preliminary outreach to the Mass. Historic
10 Commission.

11 In fact, today we provided a letter
12 and details regarding the design change to
13 them regarding the -- and the preservation
14 of all the Historic Commission commitments
15 that we made and the current draft of the
16 MOA. So we don't anticipate that those
17 would change. Obviously we will have some
18 further discussions through John with the
19 Historic Commission as well.

20 We've also had a preliminary
21 discussion with NEPA to discuss what type
22 of filing may be required there as well.
23 We plan in the next few days to also meet
24 the staff that's appropriate to talk about

1 that process. And, I think, in talking
2 about this, and I think Commissioner Zuniga
3 had suggested, and I think what we have
4 been talking about with staff is what is
5 required to actually keep running this all
6 on parallels. And, I think, there are
7 pathway forwards in going through those
8 various processes to still be in a place
9 for this Commission to issue the section
10 61s.

11 Certainly towards the end of --
12 certainly before the end of this year allow
13 us to begin the construction in or
14 including demolition and clearance of the
15 site. So that's what we're working on now.
16 That's what we're working with staff. It
17 will take a coordinated effort in providing
18 updates, information to those various
19 agencies and going through the proper
20 sequencing to ultimately get you to that
21 place.

22 CHAIRMAN CROSBY: Okay.

23 COMMISSIONER STEBBINS: Just to be
24 clear, John, we can -- I hear your point,

1 Jed, and obviously I think both the city
2 and us are committed to kind of keep this
3 moving as quickly as we can. Section 61
4 findings now with a revised construction
5 schedule pieces are moved around. Is that
6 something that we can hope to do on a
7 parallel, John?

8 MR. ZIEMBA: Yes. I think we always
9 anticipated we could do Section 61s and
10 design -- it does continue to evolve even
11 after Section 61s are done. So what we
12 want to make sure is that we have all of
13 the major elements, the required elements
14 that are included in the Section 61s.

15 And if there are, you know, much
16 less material items on design changes, we
17 can review those pursuant to our design
18 review process. So that's are current
19 thinking. That is what we are trying to
20 explore with MGM.

21 COMMISSIONER STEBBINS: And it's a
22 separate piece for us to approve the
23 Section 61 findings and for us to approve
24 what would be a revised construction

1 schedule.

2 MR. ZIEMBA: Exactly, yes.

3 COMMISSIONER STEBBINS: And there is
4 a lot, as you included in your quarterly
5 report, as to what alliance is part of the
6 construction schedule included the site
7 preparation.

8 MR. ZIEMBA: That's right.

9 CHAIRMAN CROSBY: Okay. Anything
10 else on this item, anybody? It is after
11 12. I assume, I think we would like to all
12 get through -- we only have one item left,
13 so why don't we take a quick break and come
14 back and do the last item on the agenda.

15 COMMISSIONER ZUNIGA: Are we done
16 discussing this?

17 CHAIRMAN CROSBY: That's what I
18 meant. Does anybody have anything else on
19 item 3B?

20 COMMISSIONER ZUNIGA: Well, the line
21 of questioning wasn't obvious. I'm a
22 little troubled by these requests. I think
23 it's a major change. I'm worried that your
24 ability to attract players, to generate the

1 revenue, that engine that was the driver in
2 this project is eroded a little bit. I
3 want other opinions. But a significant
4 feature of this project, what you sold this
5 Commission and the city and the community
6 is now no longer and I am worried a little
7 bit.

8 I made my point on the reporting. I
9 expect much better reporting and much more
10 timely going forward. But I need to look
11 and understand more of the assumptions that
12 are going on, you know, in terms of your
13 units elsewhere, your residential units,
14 your program, the square footages, sounds
15 like you're preserving the square footage
16 of your rooms but I would like to
17 corroborate total square footages, and this
18 is not the time to get into those details.
19 Same with the casino and, you know, and
20 other retail components.

21 But I'll be taking a very hard look
22 at those details as they emerge, and I
23 think time is of the essence because now we
24 become the green hill path with those

1 Section 61 findings. The more that gets
2 delayed, the less you are able to get those
3 buildings demolished and started.

4 I understand your intention to do a
5 lot of off-site work and some design in
6 parallel at risk. But something tells me
7 that there is a lot of work to do in terms
8 of what you are presenting here and anyway.

9 CHAIRMAN CROSBY: Anybody else?

10 SPEAKER: Commissioners, can I as a
11 stakeholder citizen in this city affirm
12 what Commissioner Zuniga has said just in a
13 very quick statement?

14 COMMISSIONER ZUNIGA: It's not a
15 public hearing, sir. I'm sorry.

16 SPEAKER: We didn't ask MGM to come
17 here.

18 CHAIRMAN CROSBY: Excuse me, sir, if
19 you've got comments, you are going to have
20 to submit it to us in writing or contact us
21 some other way. Anybody else? Thank you
22 very much. We will be back in 10 or 15
23 minutes.

24 COMMISSIONER MCHUGH: Thank you very

1 much.

2 SPEAKER: Thank you, Mr. Zuniga.

3

4 (A recess was taken from 12:20 p.m.
5 to 12:30 p.m.)

6

7 CHAIRMAN CROSBY: We are ready to
8 reconvene at about 12:30, and we are at
9 item 3C, Ombudsman Ziemba.

10 MR. ZIEMBA: Thank you,
11 Mr. Chairman. Today we are discussing the
12 Commission's request for comments regarding
13 the Region C licensing process. The
14 request should be on your screen in just a
15 second. Because it's a very carefully
16 worded request for comment, I think I'll
17 read the whole thing if you can bear with
18 me, please.

19 So the request for public comment
20 reads: The Massachusetts Gaming Commission
21 is seeking comments on the request by Mass.
22 Gaming and Entertainment, LLC. That the
23 Commission make an immediate determination
24 prior to the Region C application date that

1 the Commission will issue a casino license
2 in Region C if it determines that a Region
3 C gaming applicant meets all the criteria
4 for issuance of such license, and it is in
5 the best interest of the Commonwealth
6 regardless of whether or not the United
7 States Secretary of the Interior puts land
8 into trust in Taunton for the Mashpee
9 Wamponoag Tribe prior to the issuance of a
10 casino license.

11 Under the Massachusetts Gaming and
12 Entertainment, LLC's request, the
13 Commission would not deny Mass. Gaming and
14 Entertainment, LLC's application for a
15 Region C license merely because such land
16 had been taken into trust for the tribe
17 prior to the issuance of such license if
18 the below policy and criteria has been
19 satisfied.

20 Second paragraph reads: The
21 Commission's current plan and policy, a
22 policy that is applied in all licensing
23 decisions thus far is that it will make a
24 determination on whether to issue a license

1 only after its review of the full gaming
2 application and then only if its review
3 shows that issuance of a license would be
4 beneficial to the Commonwealth given the
5 totality of the then existing and
6 foreseeable economic circumstances. For
7 the Region C review, this totality would
8 include the potential for competition by a
9 tribal casino.

10 Mr. Chairman, Commissioners, the
11 Commission received a substantial number of
12 comments both directly responsive to the
13 request and more general comments on the
14 Region C application. Over 60 e-mails were
15 received which noted opposition to a casino
16 at the Brockton Fairgrounds across from
17 Brockton High School and stated that Mass.
18 Gaming and Entertainment -- I'll just refer
19 to that as MGNE -- should not get an unfair
20 expedited approval.

21 Another dozen or more letters stated
22 that there is no need to fast-track a
23 decision, and that Brockton is not a good
24 location for a casino. The Brockton

1 Interfaith Council submitted petitions and
2 letters opposing any attempt by a casino to
3 change the rules in order to get an
4 expedited review. The total number of
5 letters and signatures pursuant to the
6 Brockton Interfaith Council submission is
7 approximately 200.

8 The Commission also received letters
9 from approximately 20 businesses in the
10 Brockton area. These letters provided
11 support for the casino proposal and the
12 potential for economic benefits such as
13 increased demands for goods and services.

14 This was part of -- this is part of
15 approximately 40 letters generally in favor
16 of a casino and approximately 40 other
17 nonassociated letters that oppose the
18 facility.

19 We received letters of support from
20 the Street Metalworkers International
21 Associates and United Brotherhood of
22 Carpenters. In addition, we have
23 received -- and those were in support of
24 the facility. In addition, we received a

1 number of other individual letters, many of
2 which argued against changing the
3 Commission's process.

4 There are a few letters that I
5 highlight in slightly more detail.
6 Donnelly Clark representing MGNE raised the
7 following points: The compact between the
8 tribe and the Commonwealth contemplates the
9 possibility of a Category 1 gaming
10 establishment in Region C along with a
11 tribal casino.

12 It also noted that even if the
13 Department of the Anterior takes land into
14 the trust, the outcome will be uncertain
15 for years. That the casino is important to
16 Brockton and the region and the
17 Commonwealth is better off with a proposed
18 resort for Brockton in every scenario.

19 Chefsky and Burlick, counsel to the
20 City of Taunton, they noted that whether or
21 not litigation will result from a land in
22 trust determination is speculative and
23 whether or not such litigation will prevent
24 the tribe from proceeding in the project

1 cannot be predicted.

2 They noted that the intent of
3 Massachusetts legislation was to give the
4 tribe a fair start of having land in trust
5 citing Section 91E of the Expanded Gaming
6 Act. That the Commission owes no assurance
7 to MGNE, and that it would appear that the
8 legislature intended for there to be no
9 more than three full scale casinos in the
10 Commonwealth. Finally, it stated its
11 belief is that the Commission has been fair
12 to all parties and should continue to allow
13 the process to play out.

14 One additional letter that I
15 highlight was from Penn National. Penn
16 National stated its opposition to the MGNE
17 request, because MGNE offers no
18 justification for a reversal of a
19 Commission's policy in effect for over two
20 years. That the request would be contrary
21 to the Expanded Gaming Act and the
22 Commission's regulation. That the
23 Commission would need to weigh the
24 possibility of a fifth casino, including

1 the Category 2 slots facility and that
2 granting MGNE's request would be contrary
3 to the statutory objective of maximizing
4 revenues in the Commonwealth. If noted,
5 potential cannibalization of revenues from
6 other gaming facilities due to the
7 potential that a tribal facility could end
8 up paying zero gaming taxes.

9 Those are the comments that we
10 received. We can answer any questions you
11 would like.

12 CHAIRMAN CROSBY: Just on the
13 comments point, two points, one is,
14 although you highlighted several, I want
15 people to know that every single one of
16 those pieces of correspondence is in our
17 heavy books today and we've read all of
18 those and each of them is as important as
19 the other.

20 Also, apparently a letter from Unite
21 Here didn't get in the packet but it says
22 it was timely submitted and they have
23 confirmation of that. Did you get that
24 letter?

1 MR. ZIEMBA: No.

2 CHAIRMAN CROSBY: I thought you were
3 copied on it. Unite Here sent a several
4 page letter fundamentally opposing a change
5 in our system; in other words, recommending
6 that we vote against or choose not to adopt
7 the recommendation. For some reason or
8 other, it wasn't in our packet.

9 MR. ZIEMBA: I think I do remember
10 that coming in. I apologize for that.

11 COMMISSIONER MCHUGH: That we --

12 CHAIRMAN CROSBY: Not change our
13 system, not change our approach to the
14 regency process.

15 COMMISSIONER MCHUGH: Right.

16 CHAIRMAN CROSBY: Catherine, were
17 you going to introduce some other
18 considerations here?

19 MS. BLUE: So, I just wanted to
20 advise the Commission, as you know under
21 the Open Meeting Law, we can only discuss
22 those matters that are noted and described
23 appropriately on our meeting agenda as it
24 has been posted. And the purpose of the

1 Opening Meeting Law requirement is so that
2 the people who want to be involved and want
3 to be at the meeting, or in our case watch
4 it life-stream, have ample notice of what
5 we're going to discuss.

6 So for purposes of our discussion
7 today, we cannot discuss any detail or
8 deliberate on the land and trust issue. We
9 know that's a very important matter, and a
10 lot of people are interested in the
11 Commission's thoughts on that. But we
12 received that land and trust decision last
13 Friday. Staff is reviewing it.

14 It's a very important matter. It's
15 a complicated matter. It deserves very
16 thoughtful and in depth review, so staff is
17 reviewing that. They are reviewing the
18 compact, the federal and state statutes
19 that pertain to that.

20 So once staff's review is complete,
21 we will bring back the results of that
22 review to the Commission so the Commission
23 can have a conversation in an open public
24 meeting regarding that topic.

1 CHAIRMAN CROSBY: Okay. And as I
2 discussed with General Counsel Blue, it's
3 hard to answer -- and the question that was
4 asked is a question about land and trust.
5 And, so, inherently as we deal with it, we
6 will be talking about land and trust as we
7 would have whether the decision came down
8 or not. But we understand the point, and I
9 have asked General Counsel Blue to alert us
10 if she thinks we are drifting into
11 inappropriate territory. But it's an
12 important distinction to try to make here.

13 Does anybody want to start? So the
14 request is on the table. We said we would
15 hear it. We have all the public comment.
16 Anybody want to start?

17 COMMISSIONER MCHUGH: I would be
18 happy to start. We had the discussion in
19 some depth in April of 2013. And it seems
20 to me that, in essence, the question that
21 was framed is one that attracts the
22 discussion that we had before.

23 We've always said since the
24 beginning that we would look at the

1 licensing decision; that is, the question
2 whether to issue a license. And if there
3 is competition, to whom to issue a license
4 at the time the licensing decision was
5 made. And I frankly don't see how one can
6 do justice to our mission and mandate if we
7 do otherwise.

8 And if we do look at it that way,
9 the criteria that we have -- one of the
10 criteria that we've always used that's part
11 of the question is what's in the best
12 interest of the Commonwealth? And it seems
13 to me that in order to decide that
14 question, one has to take a hard look at
15 the economic realities of the proposal as
16 it's ultimately presented to us in the
17 RFA-2.

18 For me at least it's not a question
19 of whether a commercial casino is
20 economically vile. That's a different
21 question from the question of what's in the
22 best interest of the Commonwealth. It's
23 not unrelated, but it's a different
24 question.

1 The question of what is in the best
2 interest of the Commonwealth for me at
3 least is what is the economic impact of the
4 casino on the -- economic and other impacts
5 of a commercial casino on the Commonwealth?

6 And that includes a question of what
7 return does the Commonwealth get based on
8 the taxation if there are two casinos in
9 the same region, one of which is paying
10 nothing? What happens if two casinos
11 divide a market and one part of the
12 division gets syphoned off to a casino that
13 pays nothing? How is that economic loss
14 made up? How does the fact that there be
15 hypothetically twice as many jobs balance
16 out that loss?

17 Does the economic activity generated
18 by the presence of a casino in a commercial
19 casino, the satellite or the spinoff
20 economic activity add to the economic
21 activity generated by the tribal casino,
22 therefore, making it as an overall economic
23 package attractive to have a commercial
24 casino as well as a tribal casino?

1 All of these things it seems to me
2 have to be -- have to be looked at not
3 theoretically but in terms of actual
4 numbers and those actual numbers are in the
5 RFA-2.

6 What is clear to me is, as one
7 Commissioner, is the essential elements of
8 the discussion we had in April of 2013.
9 One, there is no tribal set aside in the
10 statute. That tribe hasn't been carved out
11 as the automatic beneficiary of the regency
12 licensing if land is taken into trust. And
13 there is nothing in the statute that
14 prohibits us from issuing a commercial
15 license if that's what we choose to do.

16 Section 91E of the legislation has
17 been focused on that says contains the
18 circumstances under which we must solicit
19 bids for a commercial casino, but it
20 doesn't say when we may solicit bids and it
21 doesn't tell us what the outcome of the
22 solicitation is.

23 And in addition to that, the compact
24 clearly contemplates circumstances under

1 which we can issue a commercial license and
2 puts in regency even if the tribe builds a
3 casino and what the consequences are doing
4 in there. And those are the economic
5 consequences I just mentioned at least to
6 me.

7 So, it seems to me that we ought to
8 proceed as we always have and take the
9 RFA-2 application, look at it, look at
10 what's in the best interest of the
11 Commonwealth, make a decision and move
12 forward.

13 COMMISSIONER CAMERON: I guess, I
14 think, I agree with all of that. No, I do
15 agree. Commissioner, I think what you're
16 saying is we should not alter our course
17 and you laid out a lot of the factors why
18 we should not do that, correct?

19 COMMISSIONER MCHUGH: I forgot to
20 say that.

21 CHAIRMAN CROSBY: Is that what he
22 said?

23 COMMISSIONER CAMERON: Well, I'm
24 clarifying. I am in complete agreement

1 with not altering our course. I think we
2 layed it out clearly in 2013 why we were
3 moving in this direction and all the
4 factors that we would consider at the time
5 of a license.

6 You just -- Commissioner, you just
7 layed out most of them so I am not going to
8 repeat those things, but I see no reason to
9 alter. It's important that we don't
10 actually. And we have said this in every
11 region. We do not have to issue a license,
12 and we will look at all the circumstances
13 in totality.

14 We do have a new data point here,
15 which I know that our legal staff will look
16 at thoroughly, as they always do with any
17 new piece of information that comes before
18 us that could affect the decision. So I
19 look forward to that thorough review. That
20 will be a important piece of data.

21 But we've always said we will look
22 at everything at the time of the decision
23 and nothing has changed from that
24 standpoint other than this new piece of

1 data that we will review thoroughly. So, I
2 agree that we should not alter our course
3 and continue on in the process as we said
4 we would do.

5 COMMISSIONER STEBBINS: I would
6 agree with that for the reasons mentioned.
7 I don't want to alter our course and remind
8 ourselves that a little over a year ago we
9 were in this very same building reviewing
10 one applicant from one region and, you
11 know, we didn't forgo the review. We
12 didn't default and say, hey, we got an
13 applicant. That's great.

14 You know, there is a new data point.
15 There is also new information that we need
16 to review. We have a public hearing
17 process that we want to go through both of
18 us in the surrounding communities. So, I
19 echo my colleagues in saying I don't want
20 us to alter our process.

21 COMMISSIONER ZUNIGA: Yes. I mean,
22 there is little to add except for, and I
23 agree with all of that, that the only way
24 we can look at all the factors is by doing

1 the thorough review that staff consultants
2 and we do when we analyze the last bits of
3 the application of the RFA-2 application.

4 I am particularly intrigued by a
5 presentation that Blue Carney Group made to
6 us but it was very high level and only on
7 the economics, and I agree that it's not
8 only about economics, but there is a lot of
9 analysis and assumptions that go into
10 projections and by necessity all of that is
11 analyzed in our own RFA-2 process.

12 So, I have no preconceived notion as
13 to whether one or two where that may fall.
14 But for the fact that, you know, we will
15 look at all aspects of our RFA-1
16 application if it gets presented to us.

17 I would argue that the question is
18 of the applicant, the sole remaining
19 applicant for the commercial license. They
20 are the ones in a position to convince this
21 Commission that something is valuable; that
22 something is in the best interest of the
23 Commonwealth and everything that has been
24 said here before to make their case for an

1 award.

2 The owner isn't the applicant. That
3 is the way the RFA-2 works. And if they
4 make a compelling argument, we will listen
5 to it, which is exactly what we did for
6 everyone else, which is the point that even
7 if we have one remaining applicant in the
8 end, that is exactly what we did before.

9 When we come to make a licensing
10 decision, we will take everything into
11 account and everything includes all the
12 interests, the interest of the Commonwealth
13 and that includes whatever may or may not
14 be happening with the tribe, with the
15 region or even with other regions.

16 COMMISSIONER CAMERON: I don't know
17 that I was clear with and, Commissioner
18 Stebbins, you echoed me the new data point.
19 The new data point is the land and trust
20 and that is a milestone for the tribe that
21 we acknowledged in a statement. So, I
22 didn't say that, and I'm not sure that was
23 clear.

24 I know we are not going to discuss

1 it in detail but that is a milestone and
2 that is a data point as is all of the,
3 something that wasn't mentioned, is all of
4 the changes and the landscape in other
5 states. That is an important data point as
6 well, you know, what changes proposed in
7 Rhode Island, Connecticut, so there are
8 many other things to consider. So for us
9 to alter our course, I agree with everyone
10 would not be wise.

11 COMMISSIONER STEBBINS: And if I'm
12 not mistaken, John, the recent calender you
13 gave us with respect to Region C has us, if
14 we follow everything out, surrounding
15 community agreements, any arbitration that
16 needs to happen, we are still looking into
17 February, early March to make a decision?

18 MR. ZIEMBA: That's correct. I
19 mean, obviously if surrounding community
20 agreements are reached and high level
21 agreements are reached, it could be shorter
22 but that's exactly right.

23 COMMISSIONER STEBBINS: But we knew
24 where we stood somewhat in this discussion

1 at the beginning of the summer three months
2 ago, and we are now looking at we could
3 make a decision in four to five months and
4 the landscape could change even more. We
5 don't know.

6 COMMISSIONER MCHUGH: But the
7 content of those agreements is an important
8 economic and other component of our
9 decision-making process. That's part of
10 what proceeding in the same course
11 involves.

12 COMMISSIONER CAMERON: Critical
13 piece.

14 CHAIRMAN CROSBY: I come to the same
15 bottom line conclusion that we should not
16 change our plans. I wanted to speak to it
17 a little bit, just put my own spin on it
18 and clarify a couple of things.

19 Just to be clear, what we have said
20 repeatedly for almost three years,
21 certainly two to three years, has been
22 relative to regency as with others we will
23 wait to see whether or not we have a
24 qualified applicant. As yet we don't have

1 an application in hand.

2 Once we get that application, we
3 will evaluate it as we evaluate the same
4 criteria we've used to evaluate every other
5 criteria. At the end of that evaluation,
6 if we determine that we have a quality
7 applicant, then we will decide whether to
8 make the award based on all the conditions
9 at the time, including the issue of land
10 and trust.

11 Land and trust is not like a new
12 surprise. Like, hello, it's here. We knew
13 it was coming and might come anytime. And
14 we knew that someday we would have to make
15 a decision either with or without land and
16 trust being resolved and it's that
17 policy -- it's hard for me to understand
18 exactly what MGNE was asking for that is
19 different from that, because it said
20 different ways in different places.

21 If we are going to make a decision
22 based on the total -- whether or not this
23 is beneficial to the Commonwealth based on
24 the totality of the conditions independent

1 of whether there is land and trust or not.

2 But at other times, at some points,
3 they say we want us to commit to issuing a
4 license under certain circumstances. Other
5 times they want us to commit to not denying
6 a license for different circumstances and
7 they are different.

8 It's always been clear to us, I
9 think, as we've gone back and thought about
10 this and we talked about this item for item
11 that the legislature wanted to give what we
12 variously refer to as a head start, a
13 window of opportunity, a fair shot whatever
14 to the tribe and that there was a
15 pre-disposition not to have four casinos in
16 the legislation. I think that was clear in
17 the number of different certain aspects.

18 But we have also known that because
19 of all the uncertainties, one of which is
20 land and trust but not all of which is land
21 and thrust, there's also will there be
22 lawsuits; will there be stays; will there
23 be injunctions, et cetera. There is still
24 plenty of uncertainties out there.

1 And what we've had to weigh is the
2 cost of those uncertainties against the
3 expressed interest in the legislature to
4 give the tribe its shot, and I think we are
5 still in that conundrum if we have a
6 qualified applicant and we don't know yet
7 whether we will.

8 So if we were being asked to change
9 our approach, I agree, and I think we are
10 unanimous that we do not choose to change
11 our approach. And if we get a qualified
12 applicant, we will make a determination at
13 the time all things considered.

14 COMMISSIONER MCHUGH: Can I ask one
15 question about that, which I think we are
16 all saying the same -- sort of the same
17 thing in different ways. But you said a
18 decision independent of the land and trust.
19 As I see it, and I don't know if you
20 disagree, the fact that the land is in
21 trust now is a factor. It's not the
22 deposit factor.

23 CHAIRMAN CROSBY: Correct. By
24 independent of -- yes, I used the wrong

1 word. We will take into consideration the
2 fact that there is land and trust. Now,
3 that has certain implications. That will
4 be one of the things we will weigh if
5 indeed we get a qualified applicant. Yes,
6 thank you for clarifying.

7 COMMISSIONER ZUNIGA: Yes. I think
8 the question referred to whether that's a
9 factor by itself will be a disqualifier and
10 we never saw it that way. It's the other
11 way around. Everything has to be taken in
12 totality. Could you have an inkling as to
13 whether we will get an application in a
14 week's time?

15 MR. ZIEMBA: I think the applicant
16 will take a look at what was said today.
17 They will think about it. And whether or
18 not we can get an application or not, I
19 think that's certainly up to them. We
20 certainly have been in communication with
21 them that what is the meaning of our
22 longstanding policy, which has just has
23 been very well-articulated, so I think that
24 they understand that.

1 And but, you know, perhaps the
2 request is not so dramatically different
3 from what our longstanding policy is. So,
4 I expect that the applicant will take that
5 into account as well that perhaps upon long
6 reflection their request is not
7 tremendously different, if at all, from
8 what our longstanding policy is.

9 CHAIRMAN CROSBY: I think it's all
10 right if I hazard a guess. I think what
11 they were really trying to say was don't
12 promise us that you won't deny us an
13 application if we have a quality
14 application for fear of a tribal casino. I
15 think that's what they were trying to get
16 at.

17 Don't -- and that's not a
18 commitment. If that is what they were
19 trying to get at, that is not a commitment
20 we are willing to make. Okay, anything
21 else? Do I have a motion to adjourn?

22 COMMISSIONER CAMERON: So moved.

23 CHAIRMAN CROSBY: Second?

24 COMMISSIONER ZUNIGA: Second.

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CHAIRMAN CROSBY: All in favor?

COMMISSIONER MCHUGH: Aye.

COMMISSIONER CAMERON: Aye.

COMMISSIONER STEBBINS: Aye.

COMMISSIONER ZUNIGA: Aye.

CHAIRMAN CROSBY: Aye.

(Meeting adjourned at 12:55 p.m.)

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APPEARANCES:

GUEST SPEAKERS:

- Mike Mathis, MGM Springfield President
- Seth Stratton, Vice President/General Counsel
- Brian Packer, Vice President of Design and
Construction
- Jed Nosal, Counsel for MGM Springfield
- Kevin Kennedy, Springfield Chief Development
Office

MASSACHUSETTS GAMING COMMISSION STAFF:

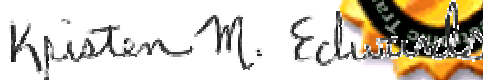
- Janice Reilly, Chief of Staff
- Karen Wells, Interim Executive Director/
Director IEP
- John Ziemba, Ombudsman
- Catherine Blue, General Counsel

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COMMONWEALTH OF MASSACHUSETTS

I, KRISTEN M. EDWARDS, COURT REPORTER,
do hereby certify that the foregoing is a true and
accurate transcription of my stenographic notes,
to the best of my knowledge and ability.

WITNESS MY HAND, this 28th day of
September, 2015.





Kristen M. Edwards