



**2017**  
ANNUAL REPORT



## December 2017

### Governor

Charles D. Baker

### Attorney General

Maura Healey

### Treasurer

Deborah Goldberg

Chairs of the House and Senate  
Committees on Ways & Means

Chairs of the Joint Committee  
on Economic Development &  
Emerging Technologies

Clerks of the House and Senate

## HONORABLE MADAMS AND MESSRS.

We are pleased to deliver the sixth annual report of the Massachusetts Gaming Commission. This report covers the details of our operations as of the end of the Fiscal Year 2017 (June 30, 2017), and is submitted in accordance with section 70 of Chapter 23K.

During FY17 we continued to implement the operational readiness process in anticipation of the opening of MGM Springfield. During FY17 we increased funding for workforce development activities that leverage existing efforts at the State and local levels to help provide opportunities for employment.

The second full year of operations for Plainridge Park Casino concluded on June 30, 2017. The total gaming tax revenues collected at the end of the fiscal year were \$77.5 million with \$66.3 million of that directed to Local Aid.

The Category 1 licensees from Region A (Wynn Boston Harbor) and Region B (MGM Springfield) continue to make progress in their design, permitting and construction phases. The opening of the downtown Springfield casino is expected around fall 2018, while construction at the site in Everett continues in earnest with three shifts.

We are always available to discuss with you at your convenience the efforts the Commission is making, the results it is achieving and any other aspect of our operations about which you would like additional information.

Sincerely,

Massachusetts Gaming Commission

# MISSION

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**The mission of the Massachusetts Gaming Commission is to create and maintain a fair, transparent, and participatory process for implementing the expanded gaming law** passed by the Legislature and signed by the Governor in November, 2011. The Commission strives to ensure that its decision-making and regulatory systems engender the confidence of the public and participants, and that they provide the greatest possible economic development benefits and revenues to the people of the Commonwealth, reduce to the maximum extent possible the potentially negative or unintended consequences of expanded gaming, and allow an appropriate return on investment for gaming providers that assures the operation of casino-resorts of the highest quality.

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# LETTER FROM THE CHAIR

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The Massachusetts Gaming Commission (MGC) has been in existence since March 21 of 2012, and this report entails the **sixth** fiscal year of operations in the process of implementing the expanded gaming legislation (**Chapter 194 of the Acts of 2011 — An Act Establishing Expanded Gaming in the Commonwealth**) enacted by the General Court and signed into law by the Governor November 2011.

The Commission made significant progress towards its mission during FY17. We continue to build both an agency and the regulatory framework to enable this Commission to oversee and regulate the gaming licenses that the Gaming Act allows.

## DURING FY17 THE COMMISSION:

1. Oversaw the second full year of operations of at Plainridge Park Casino (PPC). For FY17 (ending June 30, 2017) Gross Gaming Revenues totaled \$158.2 million resulting in taxes of \$77.5 million (\$63.3 million to Local Aid and \$14.2 million to the Race Horse Development Fund).
2. Promulgated eleven sets of regulations that govern many important aspects of gaming and racing operations including: table game rules, skill-based gaming, gaming devices and electronic gaming equipment, progressive jackpots, and improvements to the surveillance regulations.
3. Released important reports as part of the comprehensive research agenda to study the social and economic impacts of expanded gaming, including a Lottery Impact Report, and a Plainridge Park Casino first year of operations economic impacts report.
4. Continued the evaluation of two major responsible gaming initiatives: (1) We staff and operate a GameSense Info Center at PPC, and (2) We deployed "PlayMyWay," a voluntary budgeting tool for slot players. These programs are first-of-their-kind in the United States.
5. Continued to oversee and regulate the racing and simulcasting operations in the Commonwealth, including disbursements for the benefit of horsemen and breeders associations for a total of \$14.2 million (\$7.8 million disbursed to Standardbred and \$6.4 million available to Thoroughbred).
6. Held 21 public meetings of the Commission, and an additional four public hearings. The Commission streams all its public meetings live via the MGC website and transcribes the meetings and hearings in full. Further, there were 24 additional open meetings (Access and Opportunity Committee, Public Health Trust Fund Executive Committee, Horse Racing Committee, etc.).
7. Contributed to the Special Commission for Online Gaming with recommendations for the Legislature on the rapidly evolving arena of online gambling.
8. Commissioners and other staff continue to attend numerous speaking engagements across the state through the Commission's successful Speakers Bureau Program.

# MAJOR MILESTONES ANTICIPATED FOR FISCAL YEAR 18

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**Regulatory, staffing and oversight of the Springfield operation** will accelerate in anticipation of the projected opening of MGM Springfield in the fall of 2018. We do not anticipate any revenue from this Category 1 licensee in FY18.

**The third full year of operations of Plainridge Park Casino will conclude on June 30, 2018.** Gaming revenue for the first quarter of FY18 was \$44.5 million which resulted in \$21.8 million in revenues to the Commonwealth. Overall, in FY18 PPC could generate approximately \$70 million to Local Aid, and \$16 million to the Race Horse Development Fund.

**We will continue to improve our responsible gaming efforts.** We have convened a group of New England regulators and operators in our efforts to implement a **Regional Voluntary Self-Exclusion Program**. This program would be the first effort of its kind in the nation.

**We will continue our research and program evaluation activities.** The Social and Economic Impacts of Gambling in Massachusetts (SEIGMA) report of 2018 (anticipated for March 2018) will incorporate a review and update of all research activities and associated findings to date.

**Standardbred Racing will continue at Plainridge Park Casino and is expected to include approximately 110 days of live racing for the calendar year 2018.** We continue to evaluate the feasibility of Thoroughbred racing given available monies for purses, and racing application(s) submitted on Oct 1, 2017.

**We will continue to work to maximize the economic benefits from a casino.** We convene and connect licensees to the Commonwealth's workforce and small business resources. We provide grants to leverage and supplement state and local workforce development programs.

**We will continue our transition to regulatory aspects of the operations of casinos, including:**

- Further regulations that govern operations and functions at the gaming establishments
- Implementation of further rules and procedures to ensure the integrity of the game
- Compliance, monitoring and audit programs for the oversight of operations of licensees

**We monitor developments that affect the gaming industry** to make policy recommendations. Topics like the status of the Mashpee Wampanoag Tribe have significant implications for **Region C** (Southeastern Massachusetts). Other topics include online gaming, sports betting illegal gambling and the status of the Wampanoag Tribe of Gay Head (Aquinnah) and their potential impact on the young gaming industry in Massachusetts.





# KEY PROVISIONS OF THE GAMING ACT

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**Chapter 194 of the Acts of 2011 (“The Gaming Act”)** includes significant features to ensure public confidence and a robust gaming industry that generates economic development while providing mitigation measures to protect potentially vulnerable groups.

## **A STRONG, INDEPENDENT REGULATORY FRAMEWORK**

- Five full-time commissioners appointed by the three constitutional officers
- Rigorous standards for suitability and licensure of companies, vendors and employees
- On-site presence of gaming agents, state police and responsible gaming agents (GameSense Advisors)
- Detailed regulations and strict oversight to ensure integrity of the operations and fairness of the games

## **A ROBUST AND FUNDED RESEARCH MANDATE**

The Gaming Act enshrines the role of research in enhancing responsible gaming and mitigating the negative consequences of expanded gaming in Massachusetts. To this end, the Secretary of Health & Human Services and the Commission established a Public Health Trust Fund Executive Committee to oversee and execute on this mandate. The Act directs the parties to:

- Understand the social and economic effects of expanded gambling including conducting a baseline study and subsequent studies of all relevant critical, social and economic variables
- Obtain scientific information relative to the neuroscience, psychology, sociology, epidemiology and etiology of gambling
- Make annual, scientifically-based recommendations for policy to the Legislature

## **STRONG LOCAL CONTROL**

- Host Communities vote on the host community agreement negotiated between the applicant and the local executive
- Surrounding Communities have a process for addressing mitigation concerns (that must also be funded and addressed by the applicants)
- Reimbursement to communities for mitigation costs

## **POLICIES TO MAXIMIZE THE BENEFITS TO THE COMMONWEALTH**

- A competitive and transparent process for license solicitation, evaluation and award of up to three Category 1 Licenses and one Category 2 License to maximize capital investment
- Clear directives and specific criteria to realize economic benefits to support local, small and diverse businesses, employ the unemployed and underemployed, while protecting vulnerable groups and other Commonwealth assets including the Lottery and Impacted Live Entertainment Venues



# RECOMMENDATIONS FOR LEGISLATIVE ACTION

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In accordance with Chapter 30 section 33 and c. 23 K (the Gaming Act); we submit recommendations for legislative action. The topics for consideration are:

- 1. Consider addressing the expiring nature of the racing statutes in a permanent manner.** The current statutes that govern live racing and simulcasting in the Commonwealth (G.L. c. 128A and c. 128C) expire on July 31, 2017. As part of the Gaming Act (c. 194 of the Acts of 2011, §104), the Commission was tasked with providing findings and recommendations to the Legislature (given its then pending expiration of July 31, 2014). These recommendations were submitted in April 2013, in a report that included a draft proposed new G.L. c. 128D. While the Legislature did not enact the proposed c. 128D, different efforts to address this (in the House & Senate) resulted in two annual extensions of sections 128A and 128C (St. 2105c. 10 §59 and St. 2016 c.176). These extensions have allowed Suffolk Downs to continue simulcasting while requiring they conduct at least one day of live racing. However, in our opinion, the current short-term nature of the law creates uncertainty to the viability of live horse racing in the Commonwealth. Accordingly, the Commission favors an approach that includes a comprehensive statutory amendment that takes a more long-term view including allowing the horse race development fund to provide more assistance to the racing industry (both Standardbred and Thoroughbred).
- 2. Consider addressing the rapidly evolving nature of online gaming in a holistic way.** The Legislature created a Special Commission that started meeting in November 2016. In our opinion and as stated in the Special Commission's final report, the Commonwealth should provide a flexible, omnibus regulatory framework (and update outdated relevant statutes) as opposed to addressing the legality and regulation of each new online technology on a one-off basis.
- 3. Consider exempting members of the Gaming Policy Advisory Committee, its Subcommittees and Local Advisory Committees from certain conflicts of interest and ethics restrictions.** G.L. c. 23K, §68 created a Gaming Policy Advisory Committee (GPAC) and subcommittees (specifically a subcommittee on Community Mitigation) and Local Community Mitigation Advisory Committees (LCMAC) to provide advice to the Commission on gaming policy and related mitigation matters. By statute, the LCMACs include appointees from the host and surrounding communities to the casinos. The people in the best position to provide informed input in many of these advisory roles are local officials, municipal and regional employees. However, it has been determined that municipal and regional employees may be in violation of the State's Conflict of Interest Law (G.L. c. 268A) if they were to provide advice to the Commission while also performing their local duties which typically include gaming related matters. MGC worked closely with the State Ethics Commission to craft language to allow those municipal and regional planning employees to provide the best advice to the Commission while also meeting their gaming-related local and regional duties.



# AGENCY DIVISIONS

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## INVESTIGATIONS & ENFORCEMENT BUREAU AND DIVISION OF LICENSING

The Investigations and Enforcement Bureau (IEB) is comprised of 1) the Investigations Division, which includes Massachusetts State Police (MSP) staff and a team of civilian financial investigators; 2) the Gaming Agents Division, comprised of civilian agents, which is charged with providing regulatory oversight and on-site monitoring of licensed gaming establishments; and 3) the Chief Enforcement Counsel whose duties include legal review of investigations and acting as the attorney for the IEB in licensing and enforcement actions by the bureau. The Director of the IEB also oversees the Division of Licensing, which administers the licensing and registration functions on behalf of the Commission for employees of and vendors to the gaming establishments.

The IEB conducts probity investigations to determine suitability for licensure and registration for all gaming establishment employees and vendors, per licensing regulations (205 CMR 134.00), which also define thresholds, standards and procedures for licensing and registration.

There are three levels of employee licensure; Key Gaming Employee - Executive, Key Gaming Employee — Standard, and Gaming Employee. All three levels of licensure require a background check before employment may commence at a Gaming Establishment. All other employees not classified by regulation as either Key Gaming or Gaming Employees must register as a Gaming Service Employees. Background checks for those employees may commence after employment begins. The depth of background check is commensurate with the level of licensure/registration.

**In FY17, the IEB and the Division of Licensing received and processed over 312 applications for individual licensure or registration and over 370 applications for business entity licensure or registration.**

For the upcoming opening of the MGM Springfield in 2018, the IEB and Division of Licensing expect to receive and process over 2,000 applications for licensure or registration of employees. MGC also anticipates licensing or registering an additional 300 vendors related to the opening.

At PPC, gaming agents perform a variety of tasks including slot machines moves and inspections, operational audits, compliance reports, patron complaints, machine jackpots over certain thresholds, and tips from the **Fair Deal** tip line.

As part of the Commission's mission to ensure the integrity of the game, MGC promulgated an important set of regulations regarding the rules for table games and gaming equipment. These rules are typically quite detailed, and their associated procedures are enforced and designed to minimize advantage play. During the coming year, we anticipate training additional staff for the MGM Springfield and Wynn Boston Harbor openings. This also includes the additional preparation of table game monitoring and associated procedures.

After months of development and testing during FY17, we successfully implemented the upgraded version of a **Licensing Management System (LMS)**. The system is a web-based digital tool to capture information from individuals to be licensed by MGC. The tool allows for important efficiencies in the licensing process as it significantly minimizes transcribing because it relies on end-user input. The system is easy to use and only captures critical information. It also allows users to upload different documents as necessary and when available. Importantly, the system provides for the documentation and preservation of all requirements of the licensing and investigatory processes.

The LMS has dramatically enhanced our Division of Licensing's ability to administer, track, document and communicate with licensees, and on-site staff on the status of the licenses and registrations. Also, the IEB utilizes the LMS to reflect actual workflows and track and record background investigations in our on-going effort of building an entirely digital agency.



## OFFICE OF THE OMBUDSMAN

The Office of the Ombudsman is responsible for coordinating and communicating interactions among the Commission and many stakeholders: State Agencies, Applicants, Licensees, Host and Surrounding Communities, and multiple other interested parties.

### COMMUNITY MITIGATION GRANTS

The Community Mitigation Fund receives monies from the licensing fees and the taxes on gross gaming revenues and is designed to address unanticipated adverse impacts that may result from the construction and operations of casinos. When fully funded, the Community Mitigation Fund will have approximately \$20 million annually for local mitigation projects.

The Office of the Ombudsman reviews requests for mitigation dollars and makes recommendations to the Commission on the disbursements from the Community Mitigation Fund. **To date, the Commission has allocated approximately \$7.5 million in grants to host, surrounding and neighboring communities.** The Community Mitigation grants are as follows:

#### 1. **One-Time Reserve Grants** in the amount of \$100,000

**2015 Reserves: 20 communities (all host and surrounding communities associated with Regions A, B and the slots parlor) for a total of \$2,000,000**

**2016 Reserves Granted: 8 Communities for \$800,000**

**2017 Grants totaling \$405,597 have been approved as follows:**

- **Boston \$100,000.** In conjunction with Boston's 2017 Transportation Planning Grant, this grant will provide funding for a portion of the City's engineering design costs for a proposed reconstruction of Sullivan Square/ Rutherford Avenue, a major traffic corridor expected to support casino-related traffic and traffic from other traffic generators over the long term.
- **Longmeadow \$7,200.** The town seeks to use \$7,200 to retain a consultant to analyze, organize and consolidate traffic studies that were performed before the award of the license, including evaluation of the baseline study to verify its methodology and findings.

- **Northampton \$100,000.** The grant will provide funding for Northampton to plan, develop and implement a marketing and advertising plan.
- **Plainville \$98,397.** The grant will provide funding for public safety equipment needed for the PPC facility including public safety radios, a cardiac monitor and body armor to be used in the facility.
- **Somerville \$100,000.** The grant will provide funding for baseline data collection for two areas that may be impacted by casino-related traffic, near highway air pollution and vehicular traffic patterns once the casino is operational.

2. **Specific Mitigation Grants** to assist communities with an unanticipated or anticipated mitigation needs specific to the Community in question. These grants are as follows:

**Prior Years Specific Mitigation Grants  
Total: \$830,000**

**2017 Specific Mitigation Grants \$355,273 as follows:**

- a. **Everett \$150,000.** The grant provides funding for a bike sharing service in Everett that will assist the City to lessen potential casino related construction and operation period traffic congestion.
- b. **Norfolk County District Attorney's Office \$25,000.** The grant will provide funding to develop a data system to help the Norfolk County DA's Office determine casino-related impacts on office resources and caseloads.
- c. **Plainville \$148,750.** The grant will provide funding to purchase of a fire suppression vehicle for the PPC facility.
- d. **Springfield \$31,523.** The grant will fund the continuation of a valet pilot program for the Caring Health Center and other area businesses impacted by the construction.

3. **Transportation Grants** to assist communities in transportation and traffic related impacts.

**Prior Years Grants Total: \$723,150**

**2017 Transportation Grants \$900,000 as follows:**

- a. **Boston \$150,000.** The grant will provide funding for a portion of the City's engineering design costs for a proposed reconstruction of Sullivan Square / Rutherford Avenue, a major traffic corridor expected to support casino-related traffic and other existing traffic.
- b. **Everett \$150,000.** The grant will provide funding for the preliminary design and engineering of a bus-only lane on the west side of Broadway/Route 99 from the Everett city line to Route 16/Sweetser Circle, a primary traffic corridor for expected casino-related traffic.
- c. **Lynn Transportation \$100,000.** The grant will provide funding for transportation planning studies to help alleviate potential casino-related traffic on Lynn roads.
- d. **Malden \$150,000.** The grant will provide funding for planning and design of improvements to Exchange Street from Pleasant Street to Main Street. The area was named a hub for parking and transport for both casino employees and patrons to the site.
- e. **Medford \$150,000.** The grant will provide a full year's worth of funding for a contract transportation planner and funding for an engineering feasibility study for a proposed new multi-use path (the South Medford Connector). This path may greatly enhance connections to other regional pathways and provide another method for employees and patrons to access the casino.

f. **Revere/Saugus \$150,000 (incremental \$50,000 after the use of \$100,000 reserve).** This grant

will provide funding for a shared transportation planner to help the two communities plan to address casino related transportation issues. This innovative regional effort is designed to help the two communities focus on achievable transportation improvement projects involving roadways that may be impacted by casino-related traffic.

- g. **Somerville \$150,000.** The grant provides funds to initiate a formal planning study of the intersection of Interstate 93, State Route 28 (Fellsway/McGrath Highway) and State Route 38 (Mystic Avenue), which already experiences one of the highest crash rates in the state and may be impacted by casino-related traffic. A consultant team will be engaged to conduct public engagement, alternative analyses and concept design.

4. **Workforce Development Pilot Program**

FY17 was the first year that MGC allocated funding for Workforce Development purposes as part of the Community Mitigation Fund. This program was conceived as a pilot program to help increase job readiness in both regions A & B in anticipation of the casino openings. **A total of \$571,833** for the Workforce Development Pilot Program was approved for FY17 funding round as follows:

- a. **Metro North Regional Employment Board — Metro North Casino Careers Consortium (MNCCC) \$200,000.** The purpose of the MNCCC is to prepare and train local residents for jobs related to the construction of the Wynn Boston Harbor gaming facility and to create a system in which residents can start a career pathway leading to casino-related careers.



b. **Springfield Public Schools “Ahead of the Game” Program \$171,833.**

The Springfield Public Schools initiative targets low-skill, low-income adults, interested in pursuing careers with MGM Springfield, with a focus on individuals looking to obtain their Adult Basic Education (ABE) or GED. The goal of the program is to prepare adults for enrollment into postsecondary workforce training programs relevant to the needs of MGM Springfield.

c. **Springfield Tech Hampden Prep \$200,000.**

Springfield Technical Community College (STCC), in collaboration with Holyoke Community College (HCC) proposes to develop a workforce readiness program. The goal is to accelerate ABE, HiSET prep and developmental programs for Hampden County residents and to provide non-traditional students the supports needed to complete postsecondary credentials in areas recognized by employers in the Springfield labor market.

5. **Tribal Gaming Technical Assistance Reserve \$200,000**

a. **Southeastern Regional Planning and Economic Development District (SRPEDD).**

Upon determination by the Commission that construction of a proposed Taunton gaming facility will likely commence during Fiscal Year 2018, this reserve would provide funding to SRPEDD for technical assistance funding to assist in the determination of potential impacts that may be experienced by communities that are geographically proximate to the proposed facility. The Commission has not yet made that decision.

**LICENSEE REPORTING & CONSTRUCTION OVERSIGHT**

The Office of the Ombudsman also helps the Commission remain up to date on the activities of its licensees, including the progress of the construction of the Wynn Boston Harbor and MGM Springfield facilities, and the status of all three current facilities in meeting the terms of their licenses. The Ombudsman’s office coordinates reports due to the Commission from licensees as well as developments regarding their progress against a large number of license conditions. This office includes the role of a “Construction Project Oversight Manager” for the oversight of efforts from licensees and other design, permitting and construction requirements.

The Ombudsman further coordinates and supports legislatively mandated Advisory Committees and sub-committees.

**INFORMATION TECHNOLOGY DIVISION**

The Information Technology Division (ITD) supports both internal and external business processes of MGC and provides infrastructure, connectivity, hardware, software, as well as data management & security for the integrity and efficiency of MGC’s operations and its oversight of licensees.

The Gaming Technology Unit (GTU) is responsible for planning, organizing, managing, and implementing the regulations, policies, procedures and testing needed to ensure the integrity of electronic gaming devices (EGDs) and associated software and equipment. The GTU oversees the issuance of certifications and permits for the use of EGDs in Massachusetts. The Unit is also responsible for the evaluation, inspection, and investigation of electronic gaming devices and associated equipment, and the oversight of all EGD assets in the jurisdiction.

We have implemented a Central Monitoring System (CMS), for the oversight, reconciliation, inventory and control of all activity of the Electronic Gaming Devices (slots) at the casinos. This system enables MGC to maintain a strict accounting and control of gaming revenues and corresponding taxes due to the Commonwealth in a highly efficient manner.

# RESEARCH & RESPONSIBLE GAMING

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The Office of Research and Responsible Gaming directs MGC's work in these areas and serves as key liaison to the Public Health Trust Fund. The Gaming Act created this fund and it is co-chaired by the Chair of the Commission and the Secretary of Health and Human Services or their designees. When fully funded, the Public Health Trust Fund will direct approximately \$15 million annually to gaming research and problem gambling prevention and treatment programs. This will make Massachusetts the state in the U.S. that dedicates the most resources to this specific area.

MGC and the Executive Office of Health and Human Services set an annual budget for expenditures from the Public Health Trust Fund, which includes funding for the yearly gaming research agenda.

## SOCIAL AND ECONOMIC IMPACTS OF GAMBLING IN MASSACHUSETTS

The landmark research effort of the Commission is a comprehensive, multi-year study of the **Social and Economic Impacts of Gambling in Massachusetts** (SEIGMA) to understand the impacts of expanded gaming in the State. The research team continues to collect, analyze and report each year to identify the actual impacts, which will provide key information to policymakers.

This year, SEIGMA released the following important studies that included findings related to the first years of operations of PPC.

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## LOTTERY REVENUE AND PLAINRIDGE PARK CASINO (RELEASED JANUARY 19, 2017)

The analysis of Lottery sales at the municipality level before and after the opening of PPC finds that Lottery revenue near the casino grew more slowly than the rest of the State except for Plainville, where Lottery revenue increased significantly. Specifically:

- Lottery sales at PPC increased substantially after the opening of the casino (25.8%), compared to statewide (5.19%).
- On average sales for other agents in Plainville and the surrounding areas did not decrease, but increased less than the rest of the state.
- It is unclear if the casino had differential impacts on communities, but no evidence was detected of negative impacts across all communities.

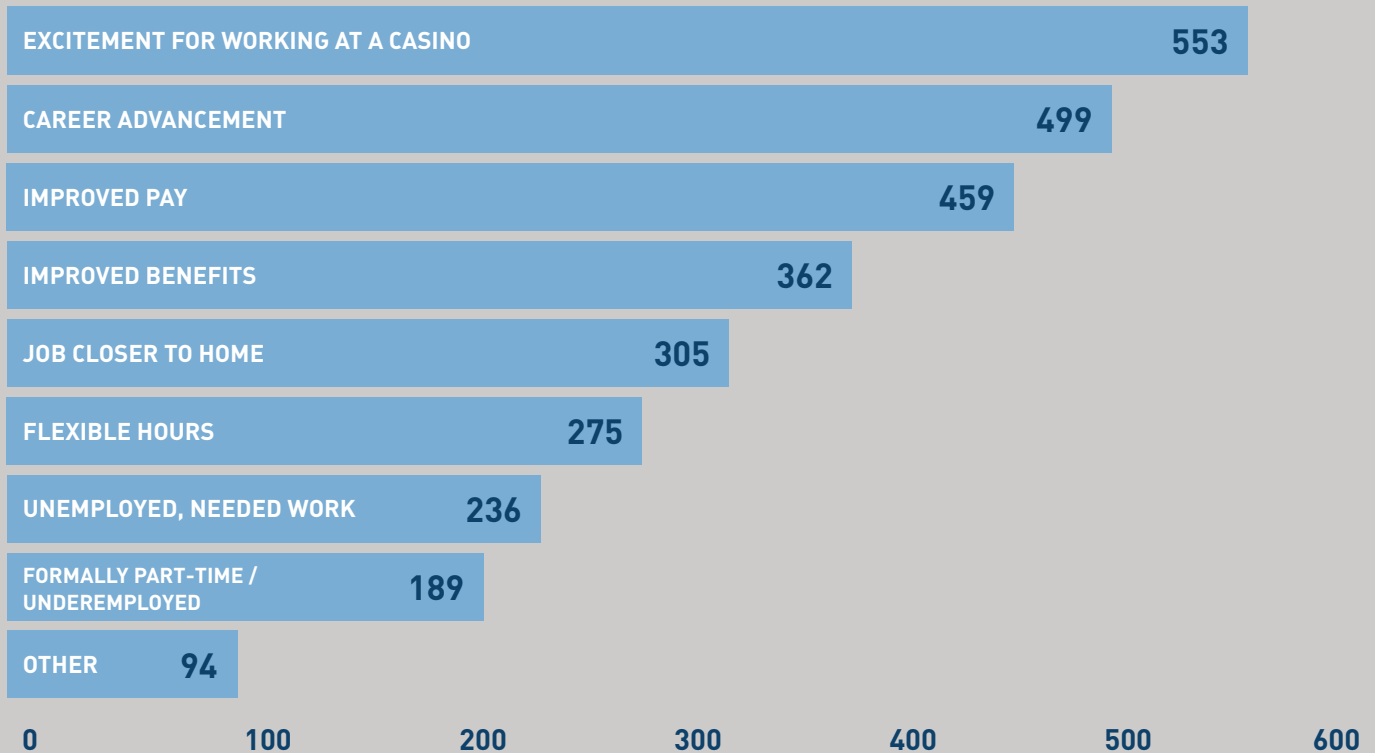
## NEW EMPLOYEE SURVEY AT PLAINRIDGE PARK CASINO: ANALYSIS OF FIRST TWO YEARS OF DATA COLLECTION (RELEASED MAY 10, 2017)

This report presents findings on the first two years of data collection (March 2015-March 2017) on newly licensed employees at PPC. This report underscores that casino jobs are highly accessible and further identifies other important characteristics of new hires at PPC and the emergent casino workforce in Massachusetts. Notably:

- Most new hires did not transfer from other Penn National Gaming (i.e., PPC's operator) locations (71.4%).
- Primary reasons for seeking employment at PPC included career advancement and improved pay.

Nearly three-quarters of respondents did not receive pre-employment training to raise their skills (making these, highly accessible jobs). Slightly over one-half of the respondents (n=525) reported that they were either unemployed or were employed part-time before taking their positions at PPC. The remaining respondents (n=522) were previously employed full-time.

## PLAINRIDGE PARK CASINO NEW EMPLOYEE SURVEY | REASONS FOR SEEKING EMPLOYMENT



### PLAINRIDGE PARK CASINO: ECONOMIC IMPACTS REPORT (RELEASED OCTOBER 17, 2017)

This report summarizes the economic impacts of PPC after the first year of operations. Specifically:

- The majority of spending at the casino (\$100 million or 58.0% of revenues) came from Massachusetts residents that would otherwise have spent those monies out of state (this represents “re-captured” monies or “new money” to the Commonwealth).
- Massachusetts residents who would have otherwise spent their money elsewhere in Massachusetts represented \$36.6 million (or 21.2% of spending at PPC). This is a “reallocation” effect, as any positive economic impacts of these monies were likely an offset in other areas of the Massachusetts economy.
- Out-of-state residents spent \$36 million or 20.8% of annual revenues. The extent to which this spending is “new” to Massachusetts depends on whether these patrons would have visited Massachusetts in the absence of PPC.

## PLAINRIDGE PARK CASINO IMPACTS

**\$172.5M TOTAL SPENDING  
AT PLAINRIDGE PARK CASINO**



**\$36.6M**

SPENDING RE-DIRECTED  
FROM ELSEWHERE IN MA

**\$36M**

SPENDING BY  
OUT-OF-STATE VISITORS

**\$100M**

CASINO SPENDING  
KEPT IN-STATE

## RESPONSIBLE GAMING INITIATIVES

The ongoing Responsible Gaming programs currently deployed at PPC but expected to be implemented in both Category 1 casinos are:

### THE VOLUNTARY SELF-EXCLUSION PROGRAM (VSE)

The VSE is available to assist patrons who recognize they have experienced a loss of control over their gambling and wish to invoke external controls. This program allows participants to voluntarily exclude themselves from all Massachusetts gaming venues for six months, one year, three years, five years or a lifetime.

- Participants enroll at either the GameSense Info Center in PPC, the Massachusetts Council on Compulsive Gambling, or MGC.
- After the expiration of the selected duration of exclusion, participants may request their name be removed from the list and participate in an educational exit session.
- There are currently 250 participants in the VSE. To date, five participants have removed themselves from the list at the conclusion of their term.

Also, we continue our efforts of convening a Regional Voluntary Self-Exclusion Program with neighboring states with casino gambling in New England (Connecticut, Rhode Island, Maine) and New York. We anticipate that during FY18, we will be well on our way to a multi-state compact that will be the first in the nation.

### GAMESENSE

The responsible gaming brand “*GameSense*” includes outreach methods which provide judgment-free gambling education to help patrons make informed, responsible decisions about when to gamble, when to stop, and how much to spend. Massachusetts is the only jurisdiction in the United States to have responsible gaming personnel on the casino floor.



The only GameSense Info Center is located inside PPC. Each Category 1 casino in Massachusetts will have a GameSense Info Center which will serve as an in-person touchpoint to gather information on responsible gambling.

- GameSense Advisors are on-site 16 hours a day and are able to build customer relationships by walking around the floor.
- Information is provided in a variety of ways including interaction kiosks, brochures, and demonstrations by GameSense Advisors.
- 87.7% of survey respondents said that their primary concern was resolved by visiting the GameSense Info Center or speaking with a GameSense Advisor.
- 82% of survey respondents said that they would visit the GameSense Info Center again.

### PLAYMYWAY

This tool prompts rewards card holders to voluntarily choose a daily, weekly and/or monthly budget to track their spending while at PPC.



Enrolled participants receive automatic notifications after they reach 50% and 75% of the spend budget. Players will also receive a notification when they reach 100% of the budget, and if they continue to play, notifications will be received at 25% intervals. A player can choose to stop at any point or keep playing. There is no penalty or consequence for playing beyond the set budget as it is intended to help players make decisions and monitor their gambling in real time.

As of September 2017, over 7,500 PPC patrons are PlayMyWay users, which represent approximately 10% of player card holders. To evaluate the effectiveness of the play management system, MGC is working with the Harvard Medical School Cambridge Health Alliance, Division on Addiction. Information from this evaluation project will play a significant role in determining whether MGC will require licensees to adopt the play management tool. The first report of this evaluation was issued on November 21, 2017.







# CASINO PROPERTY & PROJECT SUMMARIES

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## PLAINRIDGE PARK CASINO

PPC is the Category 2 licensee in Plainville, Massachusetts. The facility also hosts the Standardbred live racing and simulcasting operations.

<b>Conditional Award of the License</b>	February 2014
<b>Operations Certificate/Date Opened</b>	June 24, 2015
<b>Gaming Space</b>	43,800 square feet
<b>Capital Investment Amount</b>	\$250 million
<b>Employees</b>	503 employees as follows: 35 Key Gaming Employees, 190 Gaming Employees and 278 Service Employees
<b>Tax on Gross Gaming Revenues</b>	49%
<b>Slots/Gaming Positions</b>	1,250 slots/1,414 Gaming Positions
<b>Table Games</b>	N/A
<b>Additional Amenities</b>	2 Full-Service Restaurants ("Flutie's Sports Bar" and "Slack's Oyster House & Grill") 3 food court style eateries ("B-Good" "Dunkin' Donuts" "Slice") Live Entertainment ("Revolution Lounge") Additional racing concessions/outlets



# WYNN BOSTON HARBOR

Wynn Boston Harbor is a Category 1 licensee for Region A in Everett, MA. The facility will sit on the currently contaminated site on the banks of the Mystic River at the site of the former Monsanto plant.

Conditional Award of the License:	September 2014
Projected Opening Date	June 2019
Gaming Space	190,461 square feet
Total Investment Amount	\$2.4 billion
Total Employment	4,000 permanent jobs (projected)
Tax on Gross Gaming Revenues	25%
Slots	2,574 Slot Machines
Table Games	141 gaming tables, 91 poker tables
Additional amenities	5-star hotel (629 rooms), 77,250 sf retail space, 10 outlets of Food & Beverage, multipurpose venue, spa/gym, convention space, outdoor space, indoor garden, indoor pool



# MGM SPRINGFIELD

MGM Springfield is a Category 1 licensee for Region B in Springfield, MA. The facility will be located on approximately 14 acres in downtown Springfield in the congregation of parcels bound by Main, State, Union and East Columbus streets.

Conditional Award of the License	June 2014
Projected Opening Date	September 2018
Gaming Space	126,262 square feet
Total Gross Area	759,157 square feet
Total Investment Amount	\$960 Million*
Tax on Gross Gaming Revenues	25%
Parking	3,375 covered on site
Total Employment	3,000 permanent jobs (projected)
Slots	3,000
Table Games	100
Other Amenities	4-star hotel (250 rooms), 8 outlets for Food & Beverage, 26,000 sf of retail space, bowling alley,cinema and 54 residential units

\*Does not include \$60.7 Million for Land and \$75.5 Million for Capitalized Interest







# RACING OPERATIONS

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MGC is also responsible for the operational and fiscal oversight of the Standardbred and Thoroughbred racing operations and pari-mutuel facilities in the Commonwealth (under M.G.L. c 128A & 128C).

FY17 marked the third year that the Race Horse Development Fund had monies available to supplement purses, and accordingly the Commission approved disbursements for the prescribed purposes.

## LIVE RACING AND SIMULCASTING AT LICENSED FACILITIES

### STANDARDBRED RACING

The Gaming Act required 125 days of live racing for the calendar year 2017. For the meet, the racing division issued approximately 1,100 occupational licenses.

The highlight of the 2017 harness season was the \$250,000 Spirit of Massachusetts Trot, held on July 28th. It was the richest harness race in New England history and part of the season-long Grand Circuit series of major stakes races from tracks across North America.

For the upcoming 2018 calendar year, the number of race days was determined by the Commission. MGC solicited public comments and conducted public hearings to obtain input from stakeholders (operators, horsemen, etc.) and granted 110 days of live harness racing.

### THOROUGHBRED RACING

For the calendar year 2017, live thoroughbred racing was conducted at Suffolk Downs for a total of 8 days. For the meet, the Division of Racing issued approximately 1,050 occupational licenses. For the calendar year 2018, Suffolk applied for and was granted 6 racing days, with the possibility of adding days.

### SIMULCASTING

Simulcasting is conducted year-round on seven licenses at the following facilities:

- Plainridge Park Casino
- Raynham Park
- Suffolk Downs, including Twin Spires, TVG, Xpressbets, Wonderland

For 2017, total pari-mutuel handle in the Commonwealth is expected to reach \$219,080,227 (approximately an 8.5% increase from the prior year).

During 2017, the Division of Racing continued efforts to enhance the safety and welfare of racing participants, as well as monitor and regulate the racing operations in the Commonwealth. Key activities included:

- Participation in the annual Association of Racing Commissioners International (ARCI) conference, and continuing education; the annual Organization of Racing Investigators conference and training; the Racing Officials accreditation program; and the Thoroughbred Racing Protective Bureau/ARCI Wagering Technology and Security Conference
- Cutting edge updates to racing regulations
- Implementation of a new in-house financial reporting system



## DISBURSEMENTS OUT OF THE RACE HORSE DEVELOPMENT FUND

During FY17, the Commission made disbursements in accordance with c. 23K and the recommendations for the split (between Standardbred and Thoroughbred horsemen) of the statutory Horse Racing Committee. The distributions out of the Race Horse Development Fund were as follows:

ENTITY	AMOUNT	STATUTORY PURPOSE
HARNESS HORSEMEN'S ASSOCIATION	398,503	Health & Welfare of Harness Horsemen
MASSACHUSETTS THOROUGHBRED BREEDERS ASSN	719,686	Thoroughbred Breeders Program
NEW ENGLAND HORSEMEN'S BENEVOLENT	228,756	Health & Welfare Thoroughbred Horsemen
PLAINVILLE GAMING AND REDEVELOPMENT LLC	7,970,072	Standardbred Live Racing Purses
STANDARDDBRED OWNERS OF MASSACHUSETTS	1,594,014	Standardbred Breeders Program
STERLING SUFFOLK	2,433,677	Thoroughbred Live Racing Purses
<b>Grand Total</b>	<b>13,344,710</b>	<b>27,293,393.47</b>

# TAX COLLECTIONS & AGENCY FINANCES

MGC's Division of Administration and Finance (A&F), led by the Chief Financial and Accounting Officer, and is responsible for the strict oversight of the revenues at the casino and the collection of taxes due to the Commonwealth from those operations. The taxes and assessments on gross gaming revenues for the license currently operating (PPC) is 49%.

The division is also in charge of completing all financial transactions and coordinating with other functional areas to complete all administrative functions. The division is responsible for accounting, budgeting, payroll, HR, and classification and compensation functions within the MGC structure.

## GAMING REVENUES AND TAX COLLECTIONS

From July 1, 2016 through June 30, 2017, PPC reported \$158 Million in gross gaming revenues which generated \$63.3M in tax dollars to local aid and \$14.2M in assessments to the racehorse development fund. Below is a chart by month. The same information can be found on the MGC website under the revenue section.

## SLOT MACHINE REVENUE

MONTH	COIN IN	SLOT GGR	HOLD %	PAYOUT %	TOTAL IN COLLECTED STATE TAXES	TOTAL IN COLLECTED RACE HORSE ASSESSMENTS	TOTAL IN COLLECTED STATE TAXES AND RACE HORSE ASSESSMENTS
July 2016	\$ 185,086,244.23	\$ 13,877,522.81	7.50%	92.50%	\$ 5,551,021.12	\$ 1,248,979.75	\$ 6,800,000.87
August	\$ 178,035,850.86	\$ 13,108,810.68	7.36%	92.64%	\$ 5,243,524.27	\$ 1,179,792.96	\$ 6,423,317.23
September	\$ 175,079,907.48	\$ 12,811,933.93	7.32%	92.68%	\$ 5,124,773.57	\$ 1,153,074.05	\$ 6,277,847.63
October	\$ 174,655,386.21	\$ 12,576,794.96	7.20%	92.80%	\$ 5,030,717.88	\$ 1,131,911.52	\$ 6,165,629.40
November	\$ 161,018,352.82	\$ 12,211,659.58	7.58%	92.42%	\$ 4,884,663.83	\$ 1,099,049.36	\$ 5,983,713.19
December	\$ 160,328,264.95	\$ 12,638,807.06	7.88%	92.12%	\$ 5,055,522.82	\$ 1,137,492.64	\$ 6,193,015.46
January 2017	\$ 152,212,710.16	\$ 12,146,434.45	7.98%	92.02%	\$ 4,858,573.78	\$ 1,093,179.10	\$ 5,951,752.88
February	\$ 146,254,221.94	\$ 12,063,562.52	8.25%	91.75%	\$ 4,825,425.01	\$ 1,085,720.63	\$ 5,911,145.63
March	\$ 179,900,219.65	\$ 14,179,600.25	7.88%	92.12%	\$ 5,671,840.10	\$ 1,276,164.02	\$ 6,948,004.12
April	\$ 174,811,169.76	\$ 14,305,671.75	8.18%	91.82%	\$ 5,722,268.70	\$ 1,287,510.46	\$ 7,009,779.16
May	\$ 180,759,115.91	\$ 14,418,101.33	7.98%	92.02%	\$ 5,767,240.53	\$ 1,297,629.12	\$ 7,064,869.65
June	\$ 178,399,381.52	\$ 13,929,080.74	7.81%	92.19%	\$ 5,571,632.30	\$ 1,253,617.27	\$ 6,852,249.56
<b>Total</b>	<b>\$2,046,540,852.49</b>	<b>\$ 158,267,979.79</b>	<b>N/A</b>	<b>N/A</b>	<b>\$ 63,307,203.91</b>	<b>\$ 14,244,120.88</b>	<b>\$ 77,551,324.79</b>

For the first quarter of FY18 (July – September of 2017), PPC brought in ~\$44.5 million in Gross Gaming Revenues (GGR) for a total of \$21.8 million in taxes and assessments due to the Commonwealth. If the current trend continues, FY18 could reach ~\$160 million in total GGR or ~\$80 million in taxes.

## AGENCY FY17 FINANCIAL RESULTS

MGC approved an initial FY17 budget of \$27.17 million from the Gaming Control Fund. To meet the projected spending, MGC required an assessment of \$22.45M to licensees.

The final expenditures for FY17 were \$26.3 million, approximately \$850K less than anticipated. Revenues for FY17 were \$27.19 million, which were \$18.7K above initial projections and \$872K above expenditures. The \$872K in surplus FY17 revenues will be credited to licensees in FY18. Throughout FY17, MGC decreased the assessment on licensees from \$22.45 million to \$21.46 million due to balance forward of FY16 revenues. Below is a summary of spending and revenue for the Gaming Control Fund. Additional detail can be found in Appendix 1.

## 10500001 — GAMING CONTROL FUND

CATEGORY	BUDGET PROJECTIONS	ACTUALS
Expenses	Initial Projection	Actuals To Date Total
<b>MGC Regulatory Cost</b>		
AA REGULAR EMPLOYEE COMPENSATION	6,119,738.87	5,742,543.96
BB REGULAR EMPLOYEE RELATED EXPEN	64,000.00	55,092.06
CC SPECIAL EMPLOYEES	100,000.00	78,221.20
DD PENSION & INSURANCE RELATED EX	2,208,428.60	2,050,012.17
EE ADMINISTRATIVE EXPENSES	590,725.64	490,914.28
FF PROGRAM, FACILITY, OPERATIONAL SUPPLIES	-	69,284.20
GG ENERGY COSTS AND SPACE RENTAL	1,221,982.62	1,255,383.70
HH CONSULTANT SVCS (TO DEPTS)	1,254,603.14	1,556,369.88
JJ OPERATIONAL SERVICES	3,091,685.78	3,041,708.12
KK Equipment Purchase	-	16,045.54
LL EQUIPMENT LEASE-MAINTAIN/REPAIR	29,683.80	18,375.06
NN NON-MAJOR FACILITY MAINTENANCE REPAIR	-	40,537.27
PP STATE AID/POL SUB/OSD	225,000.00	88,278.89
TT PAYMENTS & REFUNDS POL ISA	50,000.00	7,457.00
UU IT Non-Payroll Expenses	3,639,596.18	3,663,943.41
<b>MGC Regulatory Cost Subtotal:</b>	<b>18,595,444.63</b>	<b>18,174,166.74</b>
<b>EE — Indirect Costs</b>	<b>1,648,870.20</b>	<b>1,507,283.80</b>
<b>Office of Attorney General</b>		
ISA to AGO	1,904,540.60	1,607,818.73
TT Reimbursement for AGO 0810-1204(up to 449,364)	-	156,153.67
AGO State Police	472,303.76	598,694.45
<b>Office of Attorney General Subtotal:</b>	<b>2,376,844.36</b>	<b>2,362,666.85</b>

CATEGORY	BUDGET PROJECTIONS	ACTUALS
Expenses	Initial Projection	Actuals To Date Total
<b>Research and Responsible Gaming/Public Health Trust Fund</b>		
AA REGULAR EMPLOYEE COMPENSATION	232,465.30	214,382.09
BB REGULAR EMPLOYEE RELATED EXPEN	6,000.00	5,529.15
CC SPECIAL EMPLOYEES	-	2,112.00
DD PENSION & INSURANCE RELATED EX	81,758.03	74,681.83
EE ADMINISTRATIVE EXPENSES	8,825.00	18,964.36
FF PROGRAMMATIC FACILITY OPERATIONAL SUPPLIES	500.00	-
HH CONSULTANT SVCS (TO DEPTS)	1,437,500.00	1,448,933.77
JJ OPERATIONAL SERVICES	-	10,865.63
MM PURCHASED CLIENT/PROGRAM SVCS	40,000.00	265.30
PP STATE AID/POL SUB	2,130,000.00	1,925,153.91
UU IT Non-Payroll Expenses	65,000.00	15,506.60
ISA to DPH	473,487.00	468,335.66
<b>Research and Responsible Gaming/Public Health Trust Fund Subtotal:</b>	<b>4,475,535.33</b>	<b>4,184,730.30</b>
<b>ISA to ABCC</b>	<b>75,000.00</b>	<b>89,129.58</b>
<b>Gaming Control Fund Total Costs</b>	<b>27,171,694.52</b>	<b>26,317,977.27</b>

CATEGORY	REVENUE PROJECTIONS	ACTUALS
Revenues	Initial Projection	Actuals To Date Total
Gaming Control Fund Beginning Balance 0500	-	987,501.13
Phase 1 Collections (restricted) 0500	-	-
Phase 1 Refunds 0500	-	-
Phase 2 Category 1 Collections (restricted) 0500	-	59,197.85
Region C Phase 1 Investigation Collections 0500	-	-
Region C Phase 2 Category 1 Collections 0500	-	-
Grant Collections (restricted) 0500	50,000.00	-
Region A slot Machine Fee 0500	1,945,200.00	3,870,838.69
Region B Slot Machine Fee 0500	1,800,000.00	3,600,000.00
Slots Parlor Slot Machine Fee 0500	750,000.00	1,519,561.31
Gaming Employee License Fees (GEL) 3000	35,000.00	48,375.00
Key Gaming Executive (GKE) 3000	5,000.00	12,000.00
Key Gaming Employee (GKS) 3000	15,000.00	14,400.00
Non-Gaming Vendor (NGV) 3000	31,000.00	36,000.02
Vendor Gaming Primary (VGP) 3000	30,000.00	45,000.00
Vendor Gaming Secondary (VGS) 3000	45,000.00	-
Gaming School License (GSB)	-	100.00
Gaming Service Employee License (SER) 3000	15,000.00	15,525.00
Subcontractor ID Initial License (SUB) 3000	-	-
Temporary License Initial License (TEM) 3000	-	-
Veterans Initial License (VET) 3000	-	-
Transfer of Licensing Fees to CMF 0500	-	-
Assessment 0500	22,450,494.52	21,403,227.60
Misc 0500	-	73,946.69
FY18 Slot Assessment Collected in FY17	-	(4,495,200.00)
<b>Grand Total</b>	<b>27,171,694.52</b>	<b>27,190,473.29</b>
<b>Balance in Gaming Control Fund — Positive/(Negative)</b>	<b>-</b>	<b>872,496.02</b>







# WORKFORCE, SUPPLIER & DIVERSITY DEVELOPMENT

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MGC established processes and systems to ensure the Gaming Act's goals for business & workforce development and diversity during construction and operations are realized. MGC's efforts and those of licensees include requirements to:

- Set diversity hiring goals and submit strategic plans for the inclusion of minority, women and veterans in the workforce and during construction
  - Regularly report progress towards diversity goals
  - Support workforce development programs and develop affirmative action plans for the training and hiring of underemployed and unemployed
  - Coordinate with stakeholders and representatives from across the commonwealth to strategize and support the hiring of Massachusetts residents and contracting with local diverse small businesses
- 

## DIVERSITY MONITORING AND COMPLIANCE

MGC has implemented a diversity monitoring and compliance system to oversee the activities and efforts of licensees regarding vendor and workforce diversity, as well as local purchasing and other commitments to host and surrounding communities. This year the Commission developed formal procedures to verify the workforce and sub-contracting statistical reports that are submitted each month to the Commission and shared publicly. These procedures include:

- An initial assessment of the licensees systems of bidding, contracting, capturing, tracking and reporting information (both commitments and actuals)
- Ongoing information verification and spot-check by the Oversight Manager
- Establishment of a formal diversity exemption policy for equipment purchases and contractors
- As part of our efforts in compliance, we anticipate upcoming audits regarding actual numbers of supplier diversity and workforce

We continue convening an Access and Opportunity Committee (AOC) to supplement the above efforts.

The monthly AOC meetings (chaired by MGC's Director of Workforce and Supplier Diversity) include community groups, unions, the Commission, the Licensees and their contractors. The AOC meetings are open to the public, and alternate between Springfield and the Boston area. The meetings provide a forum to communicate opportunities and share best practices to advance the efforts of women and minority participation at all levels. Specific items addressed at the AOC include:

- Detailed report on hours by trade and subcontractor participation for each project
- Discussion of recommended actions to increase the numbers and participation
- Discussion of timeline and upcoming contracting and hiring opportunities

As a result of an order of Superior Court of the Commonwealth, the State's Supplier Diversity Office (SDO) instructed agencies that as of April 12, 2016, **Portuguese-owned MBEs as certified by the SDO would no longer be considered MBEs.**

## WOMEN IN CONSTRUCTION

This year, MGC launched a first-of-its-kind statewide program to implement a focused effort to increase the number of women in the building trades. In November of 2016, MGC issued an RFP to further this goal after repeated feedback of this persistent challenge.

The RFP inspired the creation of the **Northeast Center for Tradeswomen's Equity (NCTE)**, a statewide partnership that includes the Building Pathways Pre-Apprenticeship Program (BPI), the Building and Construction Trades Council of the Metropolitan District (MetroBTC), the New England Regional Council of Carpenters (NERCC), the Policy Group of Tradeswomen's Issues (PGTI) and the Massachusetts AFL-CIO. The NCTE was awarded \$150,000 to support a recruitment and retention strategy aimed at overcoming barriers to women's entry in the trades, and create a single-point of contact to navigate different options and apprenticeship opportunities. The effort also includes a comprehensive communications campaign to increase awareness and outreach.



## WORKFORCE DEVELOPMENT PILOT PROGRAM

On June 2017, MGC approved **\$571,833** in grants for a Workforce Development Pilot Program designed to support local efforts for workforce readiness and gaming career pathways. The details of this program are outlined in the Ombudsman report, as funding for this program comes from the Community Mitigation Fund.

## DIVERSITY & TECHNICAL ASSISTANCE GRANT PROGRAM

This year the Commission continued its award of grants to enhance supplier diversity. The focus of this program is to help diverse firms succeed in the casino industry's markets for goods and services as well as during the construction phase. This fiscal year the grantees included:

- **The Hispanic American Institute and Chelsea Chamber of Commerce** for bilingual outreach to businesses regarding opportunities with Wynn Boston Harbor.
- **The Center for Women & Enterprise** to help small business owners learn how to pursue and manage contracts for goods and services with MA casinos operations phase.
- **"RiseUp Springfield"**, a partnership of the City's Office of Planning and Economic Development, Association of Black Business Professionals and the Springfield Regional Chamber to support business owners manage long-term growth strategies.

## ADDITIONAL EFFORTS — WORKFORCE DEVELOPMENT

The Commission anticipates that over 30,000 individuals will need to be considered for employment to fill the 8,000 needed permanent positions projected statewide. To effectively respond to this workforce scale-up challenge, MGC established partnerships and monitors licensees' efforts very diligently.

During 2017 **Bristol Community College received the first Gaming School Certification** and is offering a Hospitality Management Associate in Applied Science with a concentration in Casino Operations and Gaming.

The **Springfield Public Schools** launched an initiative called **"Ahead of the Game"** which targets low-skilled, low-income adults interested in pursuing long-term careers with MGM Springfield. This program focuses on individuals looking to obtain an Adult Basic Education (ABE) or GED, as well as preparing adults for enrollment in post-secondary workforce training programs.

Other partnerships and local efforts include:

- **"Hampden Prep"** Springfield Technical Community College, in collaboration with Holyoke Community College (HCC) workforce readiness program
- **Massachusetts Casino Careers Training Institute**
- **MGM Resorts Center for Culinary Arts at Holyoke Community College** (opening 2018)
- **Lasell College and Wynn Boston Harbor** collaboration designed to prepare students for careers in the Hospitality Industry

## RESULTS ON DIVERSITY HIRING & CONTRACTING

### MGM SPRINGFIELD SUPPLIER DIVERSITY/WORKFORCE

AS OF JUNE 30, 2017

SUPPLIER DIVERSITY		DESIGN		CONSTRUCTION	
Demographic	Goal	Results	Goals	Results	
MBE	5%	12.7%	5%	8.4%	
WBE	10%	16.5%	10%	19.9%	
VBE	2%	7.1%	2%	7.7%	

As of June 30, 2017 MGM Springfield had awarded contracts totaling \$414.2 million with **\$149.2 of qualified contracts to M/W/VBEs**.

WORKFORCE		CONSTRUCTION	
Demographic	Goal	Results	
Minority	15.3%	23.5%	
Women	6.9%	9.79%	
Veteran	8%	10.2%	

At the end of FY17, MGM Springfield had exceeded diversity goals in all Women, Minority and Veteran participation categories. Also, 81% of the total hours worked at the MGM facility were by Massachusetts residents.

## WYNN BOSTON HARBOR SUPPLIER DIVERSITY/WORKFORCE

AS OF JUNE 30, 2017

SUPPLIER DIVERSITY		DESIGN	CONSTRUCTION	
Demographic	Goal	Results	Goals	Results
MBE	7.9%	8.7%	5%	4.8%
WBE	10%	5.2%	5.4%	9.8%
VBE	1%	7.1%	1%	2.6%

As of June 30, 2017, Wynn Boston Harbor had awarded contracts totaling \$1.07 billion with **\$168.7 million of qualified contracts to M/W/VBEs.**

WORKFORCE	CONSTRUCTION	
Demographic	Goal	Results
Minority	15.3%	26.1%
Women	6.9%	7.1%
Veteran	3%	6.9%

At the end of FY17, Wynn Boston Harbor had exceeded diversity goals in Minority, Women, and Veteran participation categories.



## PLAINRIDGE PARK CASINO SUPPLIER DIVERSITY/WORKFORCE

AS OF JUNE 30, 2017

WORKFORCE	OPERATIONS	
Demographic	Goal	Results
Minority	10%	16.3%
Women	Not stated*	49%
Veteran	Not stated*	3%

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\*These figures (goals) were not stipulated as part of the PPC Operations Plan

SUPPLIER DIVERSITY	OPERATIONS	
Demographic	Goal	Results
Minority	6%	1.64%
Women	12%	16.34%
Veteran	3%	3.51%

## AGENCY HEADCOUNT & DIVERSITY

The chart below represents the recent and current headcount by the department. The numbers below do not include state police assigned to the Commission, or FTEs in the Attorney General's Gaming Enforcement Division.

HEADCOUNT BY DEPARTMENT/DIVISION	HEADCOUNT FY15	HEADCOUNT FY16	HEADCOUNT FY17
Commissioners & Staff	8	8.5	5
Executive Director & Staff	2	3	6
Communications	2.5	2	2
Investigations & Enforcement	17	17	22
Licensing	6	6	5
General Counsel, Legal & Policy	13	11	12
Human Resources	3	2.5	2.5
Finance	5.5	5.5	5.5
Information Technology	5	5.5	5
Racing <sup>1</sup>	6	3	3
	<b>68</b>	<b>64</b>	<b>68</b>

<sup>1</sup>Racing numbers do not include seasonal employees

## REGULAR EMPLOYEES

The chart below depicts the diversity and gender ratios of the Commission as of the end of FY16 & FY17.

DEMOGRAPHIC	FY16	FY17
Caucasian	72%	76%
Diverse	28%	24%
Female	47%	46%
Male	53%	54%

# LITIGATION MATTERS

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## **CITY OF BOSTON/REVERE/MOHEGAN SUN ET AL. V. MGC**

On September 22, 2015, Judge Sanders, in the Suffolk Superior Court — Business Litigation session, heard oral argument on MGC's motions to dismiss concerning the claims asserted by the City of Boston, City of Revere, Mohegan Sun, the International Brotherhood of Electrical Workers 103 ("IBEW") and the individual citizens. These claims (by the non-Boston entities) included allegations that MGC failed to follow the Gaming Act, that the Gaming Act and certain of its regulations were unconstitutional and that MGC violated the Open Meeting Law.

On December 3, 2015, MGC's motion was granted and all of Boston's claims were dismissed. On that same date, the Court dismissed all of the claims of the IBEW, Revere, Mohegan Sun and the individual citizen plaintiffs except for Mohegan's claim of a right to certiorari review. All of the parties except for Boston appealed to the single justice of the Appeals Court but were denied. MGC then appealed to the full Appeals Court and also sought direct appellate review by the Supreme Judicial Court. The other dismissed plaintiffs (aside from Boston) have appealed their respective dismissals to full Appeals Court.

The Supreme Judicial Court heard oral argument on December 5, 2016, and published a decision on March 10, 2017. In its decision, the Supreme Judicial Court affirmed the dismissal of Revere and the Union's claims against MGC while remanding the citizen claims of Open Meeting Law violations and Mohegan Sun's certiorari claim back to the Superior Court. The administrative record in the certiorari claim has now been assembled and a summary judgment briefing schedule established. MGC expects to receive Mohegan Sun's brief by the end of October 2017 and will file its reply brief approximately a month later.

The Open Meeting Law claims have been bifurcated from the certiorari claim and written discovery recently completed. Depositions are being scheduled and upon their completion, a schedule for the filing of motions for summary judgment will be established.

## **FBT V. MGC**

On November 14, 2016, the Commission was sued for tortious interference with respect to the plaintiff's agreement to sell the property to the licensee for the Category 1 facility in Everett. The plaintiff is requesting damages as determined at trial. On April 7, 2017, the Commission filed a motion to dismiss the suit, which was granted by the court on June 7, 2017; however, the plaintiff filed an amended complaint while the court was in the process of issuing its decision. The court's decision stands, and the Commission has filed a motion to dismiss the claims in the amended complaint. The Commission's motion to dismiss will be argued in October, 2017.

## **OTHER MATTERS — THE LAND-IN-TRUST CHALLENGE TO THE TRIBE**

### **LITTLEFIELD ET AL. V. UNITED STATES DEPT. OF THE INTERIOR ET AL. (D. MASS. 2016)**

MGC is not a party to this legal challenge, but as an interested observer and as directed by Statute, the MGC will continue to monitor the developments and status of the Mashpee Wampanoag Tribe ("Mashpee" or "Tribe") and their efforts to build a casino in Taunton.

In this matter, the plaintiffs and defendants filed cross-motions for summary judgment on the plaintiff's first cause of action concerning the Tribe's eligibility as beneficiaries under the Indian Reorganization Act ("IRA") and the authority of the Secretary of the Department of the Interior to take land into trust for their benefit. In finding for the plaintiffs, Judge Young interpreted the definition of "Indian" set forth in section 479 of the IRA. The definition states:

The term "Indian" as used in this Act shall include [1] all persons of Indian descent who are members of any recognized Indian tribe now under Federal jurisdiction, and [2] all persons who are descendants of such members who were, on June 1, 1934, residing within the present boundaries of any Indian reservation, and shall further include [3] all other persons of one half or more Indian blood.

The Supreme Court decision in *Carcieri v. Salazar* previously held that the term “now under Federal jurisdiction” refers to those tribes that were under federal jurisdiction when the IRA was enacted in 1934. The Mashpee, in this case, were arguing that they qualified as Indian under the IRA under the second definition; however, such an argument necessarily turns on the interpretation of the term “such members.” The plaintiffs argued that the term “such members” referred to the preceding use of “members” and thus the descendant of a recognized Indian tribe could only qualify as Indian for land in trust purposes if that tribe was under federal jurisdiction in 1934. The Mashpee were not federally recognized until 2007. The government, in turn, argued that the term “such members” was ambiguous.

Judge Young reviewed the definition and use of the word “such” in several other cases ultimately concluding that the Secretary erred in finding that the Mashpee fell within the second definition of “Indian” in the IRA. He explained that the Mashpee were not a tribe under federal jurisdiction in 1934 (taking them out of the first definition) and that the term “such members” from the second definition referred back to the use of members in the first definition. Given that recognition under the second definition requires descent from members of a tribe under Federal Jurisdiction in 1934 and the Mashpee were not recognized until nearly 70 years later, **Judge Young concluded that the Secretary lacked the authority to acquire land in trust for the Mashpee** and remanded the matter to the Secretary for further proceedings consistent with his opinion.

The Bureau of Indian Affairs filed a motion for reconsideration, which was denied by the District Court, and the Mashpee Wampanoag filed a motion to intervene, which was granted. In December 2016, the U.S. Department of the Interior and the Mashpee Wampanoag each filed a notice of appeal to the U.S. Court of Appeals for the First Circuit. On April 24, 2017, the Mashpee Wampanoag filed an assent to the motion to stay briefing pending the revised decision from the Department of the Interior. On May 8, 2017, the federal appellants in this matter moved to withdraw

their appeal. The Department of the Interior has not issued a revised decision but instead has requested a further briefing from the parties. The Mashpee Wampanoag have asked the court to further stay the matter pending a decision from the Department of the Interior, and the court has agreed to the requested stay. The Commission will continue to monitor this matter.

## **CHALLENGE TO THE AQUINNAH WAMPANOAG TRIBE’S PLAN TO INTRODUCE ELECTRONIC BINGO GAMING ON THE TRIBE’S MARTHA’S VINEYARD LANDS**

**COMMONWEALTH OF MASSACHUSETTS, ET AL V. THE WAMPANOAG TRIBE OF GAY HEAD (AQUINNAH), ET AL (D. MASS. 2015)**

The MGC is also not a party to this litigation, but, again, pursuant to its statutory mandate, the Commission is monitoring the case because the Aquinnah Tribe’s entitlement to conduct commercial gaming is at issue.

The case originated in 2015 on a complaint by the Commonwealth, joined by a local Martha’s Vineyard community organization and the Town of Aquinnah (collectively, the “Commonwealth Plaintiffs”), to block the Aquinnah Tribe’s stated intention to open an electronic bingo facility on its reservation land. The Tribe had obtained approval from the National Indian Gaming Commission to do so pursuant to the federal Indian Gaming Regulatory Act (IGRA). (Under IGRA, a federally recognized Tribe may sponsor electronic bingo games — so called, “Class 2” gaming — on its lands without the approval of state authorities. For conventional casino gaming, for example in a resort with table games, state approval under IGRA is required through a formal compact process.)

The principal basis of the Commonwealth Plaintiffs’ complaint was that the Aquinnah Tribe had surrendered whatever rights it otherwise would have had to conduct gaming on its tribal lands on account of the Tribe in 1987 having entered into an agreement to settle pending litigation involving the Tribe’s claims to substantial portions of Martha’s Vineyard. The Tribe alleged that



these lands had been conveyed to non-tribal members over a period of many decades in violation of federal law restricting the transfer of Indian land to non-Indians. That settlement agreement was incorporated into a federal statute, the Indian Claims Settlement Act of 1987 (the “1987 Federal Act”).

The Tribe acknowledged that pursuant to the settlement agreement it waived its right to conduct gaming on the property transferred to it in the settlement. However, the Tribe submitted that the 1987 Federal Act was impliedly repealed and superseded by the permissive provisions of IGRA, which was passed and became law a year later in 1988.

In November 2015, the US District Court in Boston (Saylor, J.) granted the Commonwealth Plaintiffs’ motion for summary judgment. The Court concluded that the Tribe had exercised insufficient governmental authority over its lands to qualify for IGRA-approved gaming.

It also concluded that, in any event, the Tribe was bound by the terms of its 1987 settlement agreement because IGRA did not repeal the 1987 Federal Act.

In April 2017, however, the First Circuit Court of Appeals reversed the District Court, rejecting its conclusion as to the insufficiency of the Tribe’s exercise of governmental authority and finding that, in fact, IGRA did impliedly repeal the 1987 Federal Act.

The Commonwealth Plaintiffs’ motion for *en banc* review by the First Circuit was denied.

On August 8, 2017, the Commonwealth Plaintiffs filed an application for certiorari review before the Supreme Court of the United States. The application is pending.

The Commission will continue to monitor closely developments in the case.



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