

MASSACHUSETTS GAMING COMMISSION  
MEETING  
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P R O C E E D I N G S

>> COMMISSIONER CAMERON: Good morning. Call to order public meeting 256. As a note, we are not able to have closed captioning today, but the meeting is being streamed. First call is the approval of the minutes. Commissioner Stebbins.

>> COMMISSIONER STEBBINS: Sure, Madam Chair. Thank you. The minutes from the November 8th, 2018, meeting are in your packet, and I move the Commission approve those minutes subject to correction for any typographical errors or other nonmaterial matters.

>> COMMISSIONER O'BRIEN: Second.

>> CHAIRWOMAN CAMERON: Further discussion?

>> COMMISSIONER ZUNIGA: I do have a point that I'd like to make. Maybe a small correction. At the time of 11:12, at the end of that section, which begins really on Page 4, there's a mention that I was not in favor of the application in light of the pending plans for demolition. I'd just like to mention that my opposition was in light of the fact that I did not believe it maximizes -- that the application did not maximize the benefits to the Commonwealth. Which is one of the criteria for approving the application.

>> COMMISSIONER STEBBINS: We can make that change. Did you want to strip out the plans for demolition language?

>> COMMISSIONER ZUNIGA: No, no, I think that's one factor, but the bigger -- the bigger theme was -- my feeling was that it just didn't maximize the benefits.

>> MR. BEDROSIAN: So have we added that?

>> COMMISSIONER ZUNIGA: Yes. I think everything else is appropriately summarized.

>> COMMISSIONER STEBBINS: Okay.

>> CHAIRWOMAN CAMERON: All in favor with those additions?

[ Vote taken ]

4-0 to approve the minutes. Next we have our administrative update. Executive Director Bedrosian.

>> MR. BEDROSIAN: Good morning, Commissioners.

>> COMMISSIONER STEBBINS: Good morning.

>> COMMISSIONER ZUNIGA: Good morning.

>> MR. BEDROSIAN: As we near the end of the year, I want to update you on sort of staff's everyday activities. Our gaming agents, game enforcement unit licensing folks continue to regulate Plainridge Park Casino and MGM Springfield. I want to thank our horse racing staff. As you know, we have a large seasonal staff, and they just literally ended their harness season last week. So thank them for another successful season.

Also, staff is helping me prepare for the -- what I think I called the 90-day reports from MGM Springfield concerning so-called crosswalk designation, the MGM Springfield floor, and the plaza beverage license. I anticipate presenting these matters to the Commission at the next tentatively scheduled meeting which would be December 20th and would be out in Springfield. I also hope to report on the MGM Springfield opening process at that meeting.

On item 7, the Community Mitigation Fund application guidelines. I just want to tell you Joe Delaney will be substituting for John Ziemba could not be here today. Finally, the Wynn suitability review you will see item 9. An executive session during which you will be briefed by our General Counsel and outside lawyers on the implications of recently filed legislation of that on a process for getting to an adjudicatory hearing. I can say that I think absent this litigation, I would have anticipated that the Commission would have been in the adjudicatory process at this point. And you'll learn more about the litigation obviously in the executive session, and Interim Chair Cameron, I know I told you this information before, and you had expressed to me some thoughts about it, too.

>> CHAIRWOMAN CAMERON: Yes. Are you complete with your update?

>> MR. BEDROSIAN: I am. I am.

>> CHAIRWOMAN CAMERON: I had a statement to make regarding this matter, too.

>> MR. BEDROSIAN: I am, thank you.

>> CHAIRWOMAN CAMERON: On behalf of the Commission. I'd like to acknowledge that the Commission and staff are facing a complex set of circumstances and must balance consideration for due process the investigatory requirements, related litigation and the overall integrity of the process. I'm also well aware of the intense and ceaseless effort that has been undertaken by MGC staff, IEB in particular, since January. I want to thank you for your continued hard work, perseverance and dedication.

I'd also like to take this opportunity as the interim chair to reiterate the Commission's role as an adjudicatory body and repeat the standards by which we are legally bound to preserve the integrity of the process and ensure the impartiality of the Commission's decision-making. The gaming law is explicit in its mandate that the investigations and enforcement bureau must be allowed to investigate matters without Commission influence. The law further stipulates that the Commission shall not place any restrictions upon the IEB's ability to investigate violations under the Gaming Act and pertaining to any of our regulations.

When the IEB investigates a matter that could impact the rights of a gaming licensee, such as the Wynn suitability review, the Commission is required to hold an adjudicatory process, chapter 30A, which outlines the conduct of the adjudicatory proceedings by Commonwealth agencies requires that a party impacted by

an agency decision have the opportunity to a full and fair hearing.

As a reminder, under 23K, the gaming law, in matters affecting a gaming licensee, the Commission -- the Commissioners sit as the administrative judges to hear the matter. Both IEB and the licensee will hopefully soon present evidence orally or in writing, and the Commissioners will then have unrestricted opportunity to ask questions of both the IEB and the licensee. Since the Commissioners, the four of us, it is the judges in this adjudicatory proceeding, we must make our decisions impartially based solely upon the evidence before us. We must not in any way have access to investigations materials prior to the adjudicatory process.

So the reason we do this, so there is an appearance -- there is no appearance of prejudgment of this matter. As further reminder, the law requires that the separation between the investigators and the judges, us in this case, clearly -- that is clearly mandated in the gaming law. Having said all that, we are profoundly mindful of the public interest in this matter and fully appreciate the scrutiny of our process. Since the launch of this investigation, I believe we have consistently done our best to transparently provide status updates and our most thoughtful estimates about timing, which is a challenge given the nature of the investigation.

That being said, I'm keenly aware of our shared frustrations over the desire to finalize this matter which is now further complicated by litigation in Nevada. My fellow Commissioners and I are ready to adjudicate this matter and eager to assess the findings, identifying a viable way to bring the investigation to a close is an urgent priority. The next step toward advancing this process is for the outside counsel, our outside counsel, to thoroughly brief the Commissioners about litigation strategy during an executive session, and that will happen later today. Any other questions?

>> COMMISSIONER ZUNIGA: You know, thank you for those. I was going to ask something that you addressed at the end, and let me simply tell me that it might be addressed later if that's the case. But you mentioned if it weren't for this litigation filed in Nevada, we would have been in a position to have been conducting by now an adjudicatory proceeding like we estimated. So it's fair to say that the investigation and report are substantially complete. Is that a fair statement?

>> MR. BEDROSIAN: So I don't want to lock the process into a particular timeframe, sort of saying nothing can happen after that process, and certainly it can. But I would have anticipated, absent this litigation, that we'd be in that adjudicatory process which doesn't mean that, you know, if someone looks at whatever comes out down the road, there might not be something that happened from, you know, this date forward because we're at this point. But, yeah, we would have been in an adjudicatory process.

>> COMMISSIONER ZUNIGA: And it's also fair to say that we don't know the timeframe that this could take based on a number of things that could happen relative to that litigation. We cannot forecast when we might be looking at an adjudicatory process at this point?

>> MR. BEDROSIAN: I can't but I think you'll learn more about the legal process and strategy in the executive session.

>> COMMISSIONER ZUNIGA: Okay. Well, I look forward to that update.

>> CHAIRWOMAN CAMERON: I think we all do. Thank you. Okay. Moving on, research and responsible gaming. Director Vander Linden.

>> MR. BEDROSIAN: Let me -- I'm sorry to jump back one subject. Let me just say

this and sort of emphasize this and to feed off what Interim Chair Cameron said and try to emphasize this. Believe me, staff wants this done. There are a lot of folks who have worked really, really hard. I know there are a lot of really important stakeholders here, but staff really wants this done also. So if there is a way to get it done which complies with the law and all our responsibilities, staff wants this done.

>> MR. VANDER LINDEN: I agree. Good morning, Commissioners.

>> CHAIRWOMAN CAMERON: Good morning.

>> COMMISSIONER STEBBINS: Good morning.

>> MR. VANDER LINDEN: I'm joined today by Dr. Rachel Volberg, Dr. Rod Motamedi and newly Dr. Alissa Mazar.

>> COMMISSIONER STEBBINS: Congrats.

>> MR. VANDER LINDEN: Within the last couple weeks. So congratulations. Fantastic.

>> MS. MAZAR: Thank you.

>> MR. VANDER LINDEN: So in 2013, the Massachusetts Gaming Commission selected a team from the University of Massachusetts Amherst to lead a key component of an extensive research agenda that was mandated by Section 71 of the 2011 Expanded Gaming Act. This is widely accepted as the first of its kind study called SEIGMA, or the social and economic impacts of gaming in Massachusetts, and it's being carried out by a multidisciplinary team of internationally recognized experts in their respective areas.

Over the past five years, they have collected extensive baseline and follow-up data on the social and economic changes in Massachusetts related to the introduction of casino gambling. A summary of impacts has been -- that have been observed as of July of 2018 is captured in a report that will be presented to you today and released to our website immediately after.

This is the first in a series of reports that will analyze changes in Massachusetts' social and economic landscape after the introduction of new gambling venues. A couple key points. We're largely looking at changes as a result of the opening and operation of Plainridge Park Casino. And what we're really looking at not only at what is captured in this report but also understand this as a framework of where we are going in the future as we begin to explore what are the impacts of other casinos that open in Massachusetts.

Following the presentation of this report, we're excited to share with you ten fact sheets which are one-page briefings that summarize the findings of the social and economic impacts of gambling in Massachusetts. And these are, I think, great because they're really for anybody to read and can be easily digested with a variety of different types of stakeholders. So with that, I will turn it over to Rachel. Thank you.

>> RACHEL VOLBERG: Thank you. Good morning, Commissioners.

>> COMMISSIONER STEBBINS: Good morning, Rachel.

>> RACHEL VOLBERG: It's always nice to be back in Boston, although I must say the traffic this morning was quite a challenge. But it's always good to be back. Okay. So you may have already noticed that instead of Mark Melnik, we have another great member of our Donahue team with us, Rod is -- I forget your title, Rod.

>> Oh, sure. I'll turn my microphone on.

>> RACHEL VOLBERG: I'm sorry.

>> ROD MOTAMEDI: That's fine. I'm a Research Manager at the Economic and Public Policy Research Unit, Donahue Institute. Mark is our director and is in Chelmsford unexpectedly, so I am here filling in.

>> RACHEL VOLBERG: And you've met Rod before, and he's presented. So I'm just going to plunge right in. So seven years ago, Governor Deval Patrick signed the Expanded Gaming Act, as you all know, permitting casino gambling in Massachusetts. And the Act established three regions as shown on the map and allowed one slot parlor that was not geographically restricted.

The Expanded Gaming Act is unique in the United States in establishing a robust research program to help maximize the benefits and minimize the harms of casino gambling in Massachusetts. And the research agenda that's contained in Section 171 of the Act has three important elements. These include a comprehensive impact study, a baseline survey of problem gambling, and a review of services before any of the casinos opened. And the third element is other research intended to maximize the benefits and minimize the harms of expanded gambling in Massachusetts.

This slide presents a time line of the Commission's process in setting up the research agenda. I'm not going to walk you through the steps. We all pretty much lived through them. But after extensive consultation, the Gaming Commission selected our team at UMass Amherst in the School of Public Health and Health Sciences to carry out jointly the first two elements of the research agenda, namely the baseline survey and setting up a system to monitor the social and economic impacts as those rolled out over time.

SEIGMA is based on an approach proposed in a 2011 study funded by the Canadian Consortium for Gambling Research. Not many people realize how many impact studies have actually been done of gambling over the last 30 to 40 years and how few of them actually are of any empirical value whatsoever. So the Canadian Consortium Study actually identified approximately 500 impact studies that had been done looking at different kinds of gambling and their impacts. They determined that only about 200 of those studies were actually empirical studies and not intended for political purposes. And they deemed seven of those to have used what they called an excellent methodology. So a surprisingly small amount of research on which to build the program that we wanted to build in Massachusetts.

So fortunately for us, Rob Williams at the University Lethbridge is the lead author of this theoretical framework that was proposed based on this review of the literature, and he is a lead member of our team as well.

This slide highlights some of the principles that guide our work to understand the impacts of casino gambling in Massachusetts. And the important thing to understand is that the ability to attribute changes to the introduction of casino gambling can be tenuous for many variables. And so essentially what we try to do is look very systematically at all of the different types of evidence that we are gathering, and we deem an absence of change to be reasonable evidence of no impact. When there is a change in the expected direction that's temporarily associated with the introduction of casino gambling, we try to be careful to say only that the change is consistent with a potential impact. We are reluctant to make attribution directly to

casino gambling unless we're able to triangulate the information with the presence or absence of analogous changes in other variables that are theoretically related to gambling and when other sources of information pertaining to the same variable make more attributions possible, that is when people in our surveys, for example, say yes, I experienced a bankruptcy, and yes, that bankruptcy was due to my gambling. That's a directly attributable impact.

So the focus of our inaugural impact report which we are launching today is primarily on Plainville and the slots parlor. And that's because all of the **data** are there are from prior to the opening of MGM Springfield. But we are very excited to finally have a report to share with you that's a summary report. We feel that this moment is an important milestone because we are looking back at baseline conditions prior to the introduction of casinos in Massachusetts. We're looking at changes related to the introduction of the slot parlor, but most importantly, I think, we are providing a framework or creating a template for what we may see and be able to monitor going forward. So this is sort of the framework that we're going to be following over the next several years as we produce reports looking at the impacts of MGM Springfield and then of Encore Boston Harbor.

I'm not going to spend much time at all on this slide. You've seen it many times before. But it summarizes our project activities with the various research activities across the top, the calendar years on the left side, and the phases of the study on the right side. And essentially the essence of this slide is that we are moving from the baseline phase and into the post-opening operational phase.

>> COMMISSIONER STEBBINS: Rachel.

>> RACHEL VOLBERG: Yes.

>> COMMISSIONER STEBBINS: Just looking at that chart and across the top, could you just remind me about the focus group element, what that consists of, what you're looking for? I know you did the key informant interviews, but just remind me again what the focus group is.

>> RACHEL VOLBERG: So the focus groups are planned not so much for Plainville because we did -- we didn't feel that there were enough impacts to really sort of merit focus groups related to that. Further out when we are looking at the full introduction of casino gambling in Massachusetts, we proposed in our original plan to do focus groups with people who gambled and with people who had problems with their gambling and also with community -- representatives from the communities to try and understand from their perspective and in a qualitative way what they felt the impacts were both positive and negative.

>> COMMISSIONER STEBBINS: Okay. Thank you.

>> RACHEL VOLBERG: So, again, on this slide, you've seen it many times before, and I'm sure you're all too familiar with it, this just shows the officially designated host and surrounding communities which are the focus of our regional work. And I just want to sort of, as we move into this next part of the presentation, indicate that the template that we've developed is to look at state-level impacts first and then the same impacts but at the regional level second. And in the case of the regional impacts, the challenge is sometimes to get the data down to the lowest geography possible. In some cases that's the host and surrounding communities, but in some other cases, as you'll see, it's the counties within which the casino operations are located. And in the case of the

economic REMI modeling, it's actually a six-region area -- map of the state of Massachusetts.

So that said, for the most part in this part of the presentation focusing on the health -- the social and health impacts, I will only be talking about areas where we actually identified changes. All of this material and much more is available in the full report, and we're excited to, at the end of this presentation, we've had some hard copies made of the report, so we have one for each of the Commissioners to carry to your office and use as a weight of some kind. But hopefully to open and get more detail. There's even greater detail available in the many other reports that are posted on the SEIGMA website. Given the time constraints, I have not included a list of the reports here, but it is available in the summary report and on the SEIGMA website as well.

So this is a table that shows you the main areas of social and health impacts that we are monitoring. These are primarily impacts that are nonmonetary in nature. We rely on many different sources of data to assess social and health impacts. Primary data that you probably already are familiar with include the baseline general population survey, the baseline online panel survey, the targeted surveys in the host and surrounding communities, and our key informant interviews and eventually the focus groups that we plan to do.

We also use a lot of secondary data. Much of it comes from government agencies here in Massachusetts, but some from further afield, the U.S. Bureau of the Census, for example, and various federal agencies. And then the crime data we actually rely pretty heavily on the work being done by the Gaming Commission's crime analyst, Christopher Bruce.

So just very quickly, at the state level, there is no compelling evidence at this time that negative impacts related to problem gambling have increased as a result of casino introduction. For example, this slide shows that statewide admissions for treatment for problem gambling have continued to decline. This slide shows that there has been no detectible increase in statewide personal bankruptcy filings since the opening of the slot parlor.

This slide shows similarly that there has been no increase in statewide divorces, restraining orders or cases of child welfare involvement. All of these things are considered to be related indicators to problem gambling. They are quite common when you talk to problem gamblers in treatment, these are the kinds of things that they are concerned about and experiencing.

>> COMMISSIONER ZUNIGA: Rachel, can I just go back a little bit to the problem gambling services acceptance? I've seen this graph before, and I always sort of wonder. The numbers are rather small compared to -- compared to the indices.

>> RACHEL VOLBERG: Mm-hmm.

>> COMMISSIONER ZUNIGA: And at-risk population that we know is out there from the baseline population survey. But could you speak a little bit as to whether other people -- whether people who are diagnosed or diagnosable as problem gamblers, maybe seeking help elsewhere or not seeking help but diagnosed, and how does that play into the analysis?

>> RACHEL VOLBERG: Yeah. So from a big-picture perspective, problem gambling or people who have gambling problems experience not only a lot of stigma

from outside but also self- -- or internalized stigma. It's one of the mental health disorders that people find very hard to actually admit that they have and to seek help for. So there's a lot of -- not a lot of literature, but there's research to show that only between about 3% and 10% of people in jurisdiction that would be diagnosed as having a gambling disorder actually seek out help for that disorder. Now, that's not to say that they're not receiving help because many of them have other disorders. The depression, anxiety, substance use disorders are quite common amongst people who have gambling problems. And so there's no doubt that people with a gambling problem in Massachusetts are seeking out help, but they may not be seeking -- or they are clearly not seeking help specifically for a gambling problem. And the concern is that even if they are seeking out help for another disorder, if they're not screened for the gambling disorder, if they're not asked any questions about the gambling, it remains sort of undetected, and it can actually affect their ability to achieve recovery from the other conditions that they're also seeking help for. So there's a number of reasons why these numbers in Massachusetts are quite low. I think both the self-stigma and the high level of comorbidity are contributing, but I think there's also -- it's important to understand that the way that treatment provision in Massachusetts happens for people with a gambling disorder is that these numbers are only people who don't have any other way to pay for treatment, and so they apply to the Department of Public Health for funding that's not covered by, say, an insurance plan that they have. So these are people who have no health insurance. And I think the decline in numbers may actually also be related to the introduction of universal health insurance coverage in Massachusetts.

>> CHAIRWOMAN CAMERON: That's interesting.

>> COMMISSIONER ZUNIGA: That's very interesting.

>> RACHEL VOLBERG: We have some data from another source looking at the all-peer claims data which informs on people who do receive a diagnosis of pathological gambling or disorder gambling in Massachusetts, but it's very technical data and academically published. We'd be happy to -- there's information on that in the report, but in the interest of time, I sort of felt that we just wanted to sort of give you a high-level snapshot of what we were doing.

>> COMMISSIONER ZUNIGA: And remind me about that all-peer claims data. Is the insight essentially the same, that treatment has been declining, or has that been studied?

>> RACHEL VOLBERG: No, diagnoses have been quite steady between 2009 and 2012. There's about the same proportion of people each year that have that diagnosis.

>> COMMISSIONER ZUNIGA: Okay.

>> RACHEL VOLBERG: But the interesting thing -- or I felt -- the interesting thing is that they average between one and three or more other diagnoses as well. So they are quite complicated cases in many cases and teasing out, you know, what the contribution of just their gambling disorder is is quite complicated.

>> COMMISSIONER ZUNIGA: Thank you.

>> RACHEL VOLBERG: Okay. Back to where I was. So plunging down to the regional level, we have evidence from the baseline and follow-up targeted surveys that were conducted in 2014 and 2016 in Plainville and surrounding communities. And what this table shows is that there has been no significant change in the rate of problem



gambling in the host and surrounding communities subsequent to the opening of Plainridge Park Casino. You can see that the at-risk rate edged up a little. The problem gambling rate edged down a little. But the P-value on the right-hand side indicates that it's not a statistically significant difference.

This is an excerpt, actually, from an e-mail that we received in response to a query about attendance at Gamblers Anonymous meetings in the Plainville and surrounding communities area. They reported that there had been no change in the number of meetings or in the number of people attending the meetings. Similarly, there's been no change at the county level in personal bankruptcy filings in Norfolk County where Plainville is situated. Nor has there been an increase in divorces, restraining orders or cases of child welfare involvement at the regional level.

Turning to crime, at the state level, there is no evidence that the introduction of a slot parlor in Massachusetts in 2015 had any impact on violent crime or property crime rates. At the regional level, there has been an increase in crime at Plainridge Park Casino. However, this increase in crime at the slot parlor itself does not appear to have resulted in an increase in overall crime in Plainville and surrounding communities. Christopher Bruce's work did identify an increase in credit card fraud, reports of lost property, and suspicious activity in Plainville that he deemed likely to be attributable to Plainridge Park Casino, but that has abated in the second year after the opening.

In terms of attitudes, this is, again, from the regional surveys at the regional level. There is some evidence of changes in attitudes towards gambling. Perhaps not surprisingly, there's a decrease in the proportion of people who think gambling is not available enough and an increase in the proportion who believe it's fine. There's a decrease in the number of people -- or percentage of people who think that casinos are beneficial to Massachusetts and an increase in people -- in the proportion of people who believe they are neither beneficial nor harmful.

Finally, in terms of the environment, at the regional level, this is a quote from one of our Plainville key informants. As you can see from the quote, there were some noise complaints in Plainville associated with the construction of the slot parlor, but there haven't been any complaints since the construction was completed. And so the operations seemed to be quite smooth.

Finally, this slide shows five years of data from the five traffic stations closest to Plainridge Park that have continuous information on two-way traffic. And based on this data plus some information from Christopher Bruce, we've concluded that Plainville has experienced an increase in traffic volume and an increase in traffic complaints. But that's probably not a surprise since they have a lot more traffic right around where the casino -- or where the slot parlor opened.

I'm going to turn it over to Rod at this point so he can give you some insight into the economic and fiscal work.

>> ROB MOTAMEDI: Thank you. Good morning.

>> COMMISSIONER STEBBINS: Good morning.

>> ROD MOTAMEDI: The same caveats apply to my section as Rachel's. This isn't everything that's in the report. It's just the highlights. More details are available.

So I want to first start, much as Rachel did, about laying out the framework for the economic component of the analysis. We have basically three pillars

that we are building our analysis on that we hope will meet the intentions, the letter and spirit of both legislation and the objectives of the MGC.

So the first is the economic and community impacts. You can see that includes mostly information on businesses and the people and the real estate of the community. We are using that information to produce products such as our host community profiles, our match community analysis, and the real estate analysis that I think was presented just a couple of months ago.

The next pillar are the casino impacts which we're really defining as the information that comes directly out of the casino. So that's the stuff we're learning about who they employ, how much they're paid, who their vendors are, the construction. Related to this is a lottery. We're not getting that information from the casinos, but we roll it up into our casino impact study. This is producing products such as the construction operating reports that you've seen, the new employee reports that we've done and similar things like that.

And lastly, we have these special topics. It's sort of the catch-all for items that are either too complex to be simple chapter of a larger ongoing regular product or are -- I don't want to say tangentially related, but not directly and immediately related to one of these two other sort of pillars. That would be things like horse racing. We tried to include that into the operating reports but realized it needed way more time and study and have decided to put that for later for a special topic. If and when sports betting were to come, that would be an example of something we'd look at that way. And things like tourism, workforce and job quality are some items that we want to think about as future special topics.

>> COMMISSIONER STEBBINS: Rod, just to touch on this the special topic session, and you and I have had this conversation. I just want to reiterate it. You know, with the opening of our class 1 casinos, we're moving into a whole different realm, different impacts. These were intended, as you know, and you pointed out before that these are so draw tourism to not just be kind of a regional convenience, and I'm hoping that we can begin to look at some of those additional topics that may hint it whether there's an impact on tourism, and it's good government data and local meals tax, local hotel tax that will figure out if one of our licensees is drawing business away from our surrounding community, whether it's adding to a surrounding community. So I know you've been thinking about this, and I'm just, again, kind of replanting the seed that as all of you move forward, that there's some different components we want to keep in mind.

>> ROD MOTAMEDI: Definitely. We addressed some tourism through our patron surveys. We asked people what they do outside the casino, how much money they're spending and so on. But more detailed analysis does need to be done such as looking at impact of live entertainment venues. And some of the difficulty we faced to, you know, borrow a term from the banking industry is some know your customer issues that the current entertainment establishments have. They don't know a lot about who their customer is or was. And so it will be difficult for them to know how their customer has changed other than simple volume like we have. We're selling more tickets now than we did.

>> COMMISSIONER STEBBINS: Right.

>> ROD MOTAMEDI: But they don't necessarily know where their customers are coming from or whether they're local or whether they're not. So that's an item that

we've been thinking about. We've been talking with Mass Cultural -- is it Council? Commission? The "Cs" always get me.

>> COMMISSIONER STEBBINS: Yep.

>> ROD MOTAMEDI: And so we've talked with them a little bit about how they could help their members and help prepare them for perhaps then us coming to talk to them and so forth. So it's -- I think this gives you a good idea of why this is a special topic. It's a lot of threads that we need to gather. There's preliminary work that needs to be done before we can even study it, but it is very much on our agenda.

>> COMMISSIONER STEBBINS: And, you know, our counterparts over at Mass Office of Travel and Tourism also pay for and collect, as you know, a whole bunch of research data around hotel visits, hotel stops and what it's kind of doing in the region. Okay.

>> RACHEL VOLBERG: Yeah, we're hoping to develop a process in the not-distant future, or quite soon, that will help us sort of prioritize these special topics or deeper dives as we like to think about them and figure out a way to sort of, you know, line them up so that we can start addressing them in a systematic way.

>> COMMISSIONER STEBBINS: Okay.

>> All right. So PPC has very much been test case and test bed for a lot of our ideas and methodologies due to I think its size, it was easier to study. There was fewer employees, fewer patrons, smaller construction and simple things like fewer staff, just finding the right person to talk to and to get the information. All of that is significantly easier with a small property like PPC. So it has allowed us to develop an analytical framework that we have refined over the past few years that we are now porting forward to our analyses of the casinos in Springfield and Everett.

So here are the dimensions that we are focusing on in the economic analysis, again, we are not going to talk about every single one of these here, but this does give you an example of the types of information that you're going to be able to find in the report and the big summary report and in other individual reports that we've already done and published.

So if you're thinking about direct economic impacts, for PPC, we have found direct benefits from both its construction and operation at the state and regional level. While we have not done full analyses of the two other casinos, we have no reason to expect that their construction impacts would not be similarly beneficial. We haven't -- we don't have anything to say about their operations impacts yet, but we have no reason to believe that their construction impacts at this point wouldn't be anything other than beneficial.

So construction of PPC, we focused -- so the number you're going to see here, the \$150 million, that differs from the total investment number because this is really just talking about the construction, whereas total investment also includes a lot of furniture, fixtures and equipment which we did not measure as part of the construction impact. So we have \$150 million was spent to build, renovate the grandstand and racetrack, build the new casino building and put up the new parking garage. As you can see, the majority of that money was spent in Massachusetts on Massachusetts suppliers. That's not to say that the drywall was manufactured in Massachusetts but rather that the drywall supplier would have been Massachusetts-based.

Of that sum, about \$21.5 million was construction wages. And the big

imports to Massachusetts were structural steel which came from Quebec, kitchen equipment which came from Florida, and the gaming machines themselves which came primarily from Nevada.

In terms of employment, if you counted the number of people who were on site at least once in a given quarter and you average that out, it worked out to about 553 individuals passed through the construction site in an average quarter. That's not annualized or an FTE. We'll get to that in a minute, but this is just sort of a count of bodies. Of those people, I don't know why this isn't showing correctly, so I'll read those to you. In Massachusetts, it's 450. That's 81.4%. And the blue slice, that's the big gray slice, the blue slice is Rhode Island which is 79 or 14%. So you can see primarily the workers were either Massachusetts residents or Rhode Island residents. We were actually surprised in a way to see so few Rhode Island residents given the proximity to Rhode Island and the fact that at least when this was happening, its construction industry hadn't fully recovered from the recession. So there was idle labor there to be had. So it was -- they did a pretty good job hiring Massachusetts-based workers.

So if you take the 554 bodies and you annualize them into sort of an annual construction worker, that turns into 500 annualized construction workers. If you spread them across the site over the two years, you'll get the bottom, the red part of the bars here. So 267 and 234. If you then look at the total economic impacts of employing these people and spending \$150 million on construction, you get the total employment impacts which are labeled at the top of those columns, 576 and 540. If you add it all up over two years, you basically have 501 annual jobs, create an additional 615 for a total of about 1100. So for every one construction job, we found an additional 1 1/4 jobs. These 1100 jobs came with about \$91.5 million of income. And 30% of all these jobs were created or supported outside of Bristol and Norfolk Counties. Outside of the main impact zone.

So here's a table with gaming revenue, which I'm sure you all are quite familiar with. On top of that, we estimated some non-gambling revenue there you'll see in the second column from the right. What you'll find is not entirely surprising given the amenities at the site is that the vast majority of the revenue is gaming revenue.

From our patron surveys, we also estimated an additional \$4 million of off-site spending from visitors on things like retail, gas, food, lodging, et cetera. I'm going to skip a couple slides forward because we basically talked about all of that. So in the interest of time, we'll just progress to the one with the pie chart here. Direct casino expenditure and revenue. So this is the source of the operating revenue. Continuing on money flowing into the casino, we have a sense of what the total revenue is, and now we want to look at where the money is coming from. So where do the patrons live. What we found is basically three-quarters of the patrons are from Massachusetts. So that's the black and the gray slices together. And then basically the remainder is out of state or unknown.

What's interesting to note, though, moving on to the next slide, is just because three-quarters of the patrons are from Massachusetts, it doesn't mean that three-quarters of the revenue going to PPC is being taken away from Massachusetts-based activities. As you all know, one of the -- one of the things that the state was trying to achieve with legalizing the commercial casinos was to recapture

money that's already being spent by Massachusetts residents out of state. On gambling. So this money is already in household budgets. It's already factored into their consumption. So the idea is that if we can just change the geographic location of where the spending is occurring, that would be net new money to the Commonwealth.

And so what we did find was, in fact, of the in-state patrons -- or 58% of the total revenue at the casino was recaptured in-state resident spending. So it was money that was previously going to gambling in Rhode Island and Connecticut primarily that has now come back in. An additional 20% was out of state, and that really only leaves about 20% of the total revenues that PPC were dollars that were previously being spent in Massachusetts that have been reallocated away from some other business to PPC. So I think we found that to be a welcome finding in terms of the overall economic impacts.

So now if we look at -- change our frame from money coming into the casino to money going out, we found that PPC spent about \$130 million on expenses. A good portion of that, as we'll get into in a little bit, is taxes on GGR. But a significant sum was also spent on vendors, payments to hosts in surrounding communities. A big chunk of this was in-state which is, again, beneficial. And then you see about \$18 million going to wages.

Their employment base is primarily Massachusetts based, but we found about one-third live out of state.

And thinking about net job creation, when we asked new hires what their previous employment status was, we found that basically 50% of them were either unemployed or employed part time prior to accepting this job at PPC. For context, if my memory serves, I think about three-quarters of all the jobs at PPC are full time. So some of these unemployed and part-time workers have moved into full-time work. Just the map has to work that way. What is worth pointing out that those half that were previously employed full time, that doesn't necessarily mean that there wasn't a net job created. It just means it could have been pushed down the line. So if I was employed full time at Company A and I'm not PPC, Company A now has a vacancy that they need to advertise and fill. Or they can improve their productivity which also in the long run will help the economy. So one way or another, these are either improving productivity or helping create net jobs.

Expanding on to the ripple effects of these jobs, what is particularly interesting about Plainridge Park that we don't expect to see in the category 1 casinos is this differentiation and the impact attributable to the operation of the casino itself and the impact attributable to utilizing its tax payments. As I just mentioned, 49% of their gross gaming revenue goes to taxes, which is much higher than the tax rate that's going to be paid by the category 1 casinos. And the statutory allocation of this tax money is considerably different. All of this money goes primarily, although the money goes into local aid which then gets distributed to cities and towns to be spent at their discretion, whereas the category 1 tax revenues are allocated into many different pots with many different purposes.

So what we see here, if you look at just the 500 or so employees at PPC and look at the ripple effects of their employment and the operation, we get about 780 total jobs. So you get a ripple effect. That's not nothing, but smaller than that total headline number will imply that 2400. That big increment comes from taking

80-some-odd million dollars and injecting it into local government spending. We assume that all that money gets spent, and we assume that it gets spent based on the existing patterns of spending that local governments have used in the past. And that's what creates that big total employment number.

It's worth pointing out that if this is roughly 50/50, why is 50% of revenue creating 780 jobs and 50% of revenue is creating 1600 jobs? The reason for that is government spending is highly labor intensive. If you think about what government services are, it's almost all people provided, and so you tend to have a lot of employees per dollar of government spending. Their supply chains also tend to be highly local so you tend to get a bit more in-state circulation of money.

Moving on to lottery sales. What you'll see on the left-hand side of that vertical line is what happened in a Plainridge Park property, Plainville and the state prior to the opening of the casino and then after the opening of the casino. So what you'll see is that relative to when it was just a racetrack, basically, the casino was selling considerably more lottery products. We're seeing -- what is that, four, five, six times more lottery products than it did previously with no discernible reduction in sales in the rest of Plainville or the state. So it seems to -- the data so far seems to suggest that the increase in lottery sales at the casino proper hasn't come with any related reductions in lottery sales elsewhere.

And lastly, just to reiterate this distribution of local aid question. So we have \$166 million of GGR. Of that, \$81.4 million is tax money. That goes into -- is taxed. And of that, the share that goes to local aid is \$66 million. And that subtracts a share that goes to the horse racing fund. And that gets distributed based on the existing formula for local aid which weights both population and let's call it economic distress in deciding where the money goes. So the allocation of the taxes on GGR and PPC have nothing to do with whether cities have -- whether they're host or surrounding communities, how they voted for in the referendum for the casinos. It has nothing to do with their lottery sales. It goes into local aid pots and gets distributed based on that formula. Which, again, to reiterate, will be entirely different from what we're going to see for the category 1 casinos.

And that does it for my part, and I'll hand it back over to Rachel to talk to you about our future work.

>> RACHEL VOLBERG: Okay. We'll try and make this brief, but I'm sure you'll have some questions for us. So what we want to do is first of all, just sort of provide you with a graphic summary of the results, both on the social and health side and on the economic and fiscal side. We divided these into statewide impacts and regional impacts. And what this and the next slide do is sort of summarize the types of changes. Overall what this slide shows is that there have been few changes in social and health impacts related to the introduction of casino gambling in Massachusetts at either the statewide or the regional level. There have been some changes in attitudes, both more positive and more negative, and some environmental impacts that were identified but only at the regional level.

It's important to emphasize that these impacts likely will be different most certainly at the regional level when it comes to looking at Springfield and Everett going forward. This slide shows that the economic and fiscal impacts have clearly been positive and particularly at the regional level. There have been increases in

statewide and regional revenues. There have been improvements in employment and wages. There have been no changes in real estate conditions. And as Rod just indicated, there have been increases both in government revenue but also in government spending.

So going forward, we have quite a number of data collection and reporting activities planned for the current fiscal year. This slide shows you what we are currently working on including our first patron survey at MGM, and we haven't talked about the cohort study today, but we do have Wave 5 of the cohort study planned to go into the field in March 2019. We also have quite a number of reports that are going to be coming at you, and we look forward to presenting those results as they come through the review process and are ready to be shared.

The next fiscal year, fiscal year 2020, includes, again, quite a lot of data collection as well as a number of deliverables in the form of focused reports. We have proposed and look forward to discussing with Mark Vander Linden and others at the Commission the idea of conducting a targeted follow-up survey in fiscal year 2020 in Springfield and surrounding communities. We'll be doing the second wave of the MGM patron survey and the first wave of the first Encore patron survey. We'll be doing key informant interviews, and I believe we also are planning to do focus groups in Springfield. We'll have Wave 6 of the cohort study also in the field that fiscal year. And a number of quite focused reports that we plan to produce in fiscal year 2020.

One year after the opening of Encore Boston Harbor, we will be doing a tremendous amount of primary data collection which includes primarily the follow-up general population survey and the follow-up online panel survey. We will be doing key informant interviews and focus groups and using the follow-up general population survey as a foundation. We are hoping to be able to transition to a more cost-effective data collection approach to monitor gambling participation and problem gambling going forward in Massachusetts. So that will be subject to quite a lot of discussion with other experts both at the Gaming Commission or working with the Gaming Commission and within our team and amongst the scholarly community.

The following year, fiscal year 2022, is going to be largely focused on reporting because that's when we anticipate producing our next summary report which will include results from all of this work that we're going to be doing for the next few years. And with that, we have a couple of places that you can go and look for more information. And I think Alissa now has some large reports to share with you. It's exciting to have something, you know, like real to hold.

>> COMMISSIONER STEBBINS: Are those autographed copies?

>> RACHEL VOLBERG: Sorry? No, they're not autographed. Too many members of the team. Sorry, Bruce.

>> CHAIRWOMAN CAMERON: Thank you. Do we have questions of the team?

>> COMMISSIONER ZUNIGA: Let me just comment that, you know, we've seen before some of the detailed reports that formed part of this summary, but it's always very nice to see a summary in this way. I think you spoke to a couple of the real reasons of the Gaming Act, the recapture of the revenue was very good to ascertain in Plainridge. I really look forward to how that plays out on the category 1s on MGM -- starting with MGM. And the general notion at least so far the social impacts have been, you know, the same or not really attributable to casinos.

I think, of course, that's only predicated on a smaller operation. There will be larger operations, as you pointed out. The good news in my mind is there's mitigation money that comes to this body and others to try to address those -- what those impacts might be. So we're always here to find out about those so that we can address those in a way that's appropriate because the whole point of doing all this research is to inform policy and policymakers and whatnot.

Also with the caveat that some of the -- that from what we've learned is that social costs tend to be lagging while economic costs are observed quicker, as perhaps alluded to here. But the flip side of that point is that perhaps with so much availability of gambling nearby, Massachusetts residents are somehow already adapted to the availability of gambling. So there's multiple factors that operate here to the ultimate findings that you describe in this report quite well. But if nothing else, I just want to point out for the record that we're always studying those factors interact with each other as we continue to move forward into additional research.

>> CHAIRWOMAN CAMERON: And I would just like to add that, you know, it will be really nice, this report, speaking with -- and I've said this before -- but speaking with colleagues from other jurisdictions, everyone's so interested in this research. And, you know, having realtime information rather than anecdotal is really important. You mentioned sports betting as a topic for the future. We're seeing that right now where everybody's speculating on what the impacts will be and the ability to look at things this comprehensively I think is really, really important.

>> COMMISSIONER ZUNIGA: And if I can mention, just expand a little bit on a point you made, Dr. Volberg and their team have been very good and flexible at reacting at some of the priorities that have come up from time to time. I actually remember we had to, because of the referendum and a number of things, our original plan that you actually reminded us here had to shift a little bit, had to be -- certain things had to be postponed because, you know, our original assumptions just didn't pan out that way. That's also -- that has been a very good working model from our standpoint, Rachel, so we thank you for that. I suspect we may have, you know, a couple of those in the future, and we'll continue -- we'll have to continue to address those as they come along.

>> COMMISSIONER STEBBINS: I would just like to add, I mean, it's great work. I still harken back to the day Rachel sat in front of Enrique and I and brought up this provision, and Enrique and I were, like, wow, we have to do research. But, you know, as we kind of continue this evolution and as Enrique pointed out, there's great information for policymakers and policyholders, we collect a lot of information that's generated locally around these facilities. And, you know, at some point it would be great to think about how some of that information could be shared back with local stakeholders and see how they could benefit by having a lot of -- I mean, we collect crime information. It's great information given to us by the local law enforcement agencies, but looking for those opportunities where we've got this great piece of information. How can we share it back with local stakeholders and give them an opportunity to benefit by it or react to it, but hopefully, you know, benefit from it in a positive way.

>> RACHEL VOLBERG: I think you actually touched on something very, very important, Commissioner Stebbins, you know, the point of doing research is not just to find out what's going on. It's to feed into a process of assisting positive change. And



so, you know, we're very cognizant of the fact that this information is feeding into a policy and regulatory process. But we have also been very aware all along that there's a need to share information with local folks at the community level, and increasingly to try and figure out how to engage people at the community level with helping us understand what their research needs are and helping them conduct that research if that is what they want to do.

So Alissa has these fact sheets, for example, which are very much intended to share information about key aspects of the SEIGMA study with folks at the community level. Do we have them up here?

>> MR. VANDER LINDEN: I'm not sure.

>> RACHEL VOLBERG: I'm not sure. Anyway -- yeah. Thank you, Alissa. So basically, this is a set of ten fact sheets. They address the expanded Gaming Act itself, the organization of the project. How do they get in there?

>> Oh, it's a Ziploc.

>> COMMISSIONER ZUNIGA: I see. It's on the right, right?

>> Yes.

>> RACHEL VOLBERG: It's a trick.

>> COMMISSIONER ZUNIGA: Oh, there we go.

>> RACHEL VOLBERG: And then the remaining eight fact sheets that are in there address gambling participation, some of the economic impacts, and then finally a summary of the first findings from the cohort study. So we thought these would be of interest to the folks who are not researchers, but this is a way to sort of translate the results into a format that anybody can use. We think that these will be of interest to legislators, for example, but perhaps even more importantly to people at the community level who don't want to, you know, even read a report but just want to sort of know, you know, like what's the headline around one particular finding.

>> MR. VANDER LINDEN: If I may add. Actually, Commissioner Stebbins, your point is also, I think, captured -- we're in the midst of a research strategic planning process, and two areas that I think are of focus that we'll be looking to expand upon and enhance is -- one is community-driven research. So working with the community, let them define what the research questions are, what the methods are, in collaboration with the gaming Commission, collaboration with the SEIGMA team and our partners at Department of Public Health to conduct that research to answer those questions.

And the second piece of it is knowledge translation. So exactly what you said. How do you take the research that's being created, this body of evidence, and translate it into a way that makes sense and can be operationalized into policy and practice. There are very specific strategies to do that, and we look over the coming year and years to enhance that part of the research program.

>> COMMISSIONER STEBBINS: All right.

>> COMMISSIONER ZUNIGA: Yeah, I know the team and others not here, members of our Gaming Research Advisory Committee and others have spent -- Research Review Committee spent quite a bit of time giving feedback on this process of creating these fact sheets as well as the knowledge translation as we go forward. Because in a heavy dose of irony, one of the results of doing so much research is that it becomes -- we become to drown in our own research in a way because there's more always coming. And it's important to be able to lead the public

and policymakers who may not have the time or the wherewithal to spend throughout all of the research document with really the key findings. And it's not always straightforward, but I think this is a great effort.

>> CHAIRWOMAN CAMERON: I really like the fact sheets as well. You know, as many people -- communities in particular would, I think, be very interested in having a pretty quick way to just assess exactly what's going on. Good work.

>> RACHEL VOLBERG: Thank you.

>> CHAIRWOMAN CAMERON: Thank you to the whole team.

>> COMMISSIONER ZUNIGA: Thank you.

>> COMMISSIONER STEBBINS: Thank you.

>> CHAIRWOMAN CAMERON: Okay. Next.

>> COMMISSIONER ZUNIGA: Can we take a break?

>> CHAIRWOMAN CAMERON: Yep. We have a request for a five-minute break. We'll take that now. Thank you.

Okay, we will reconvene public meeting 256 at this time and welcome the Racing Division. Dr. Lightbown.

>> MS. LIGHTBOWN: Good morning, Commissioners.

>> COMMISSIONER STEBBINS: Good morning

>> CHAIRWOMAN CAMERON: Good morning.

>> MS. LIGHTBOWN: Today we have the 2017 annual report for the Racing Division. I'd like to thank Mike Sangalang for doing his magic on our report. He got some great pictures in it and helped format it in a nice manner. Also, Doug O'Donnell and Chad Bourque but considerable time into this report also.

Just in general for the 2017 year, one of the highlights was getting new computers for all our staff out in the field. I'd like to thank the IT department for working on that. We did a lot of cross-training. People that were in the test area learned the licensing procedures so they could help out. Our test barn coordinator also did that. She did some shadowing in the judge's stand. One of our licensing folks out at Suffolk worked with Doug O'Donnell on some of the account waging. So we really tried to make it so that if anybody was out, we would have coverage for everything because we're a fairly small division.

Also, we tried to make sure that our employees got training to keep up with the latest. Justin Stempeck from the legal department and I went to the annual RCI conference to keep up with the best practices and all on the racing industry. Chris Miller, our test barn coordinator, took the racing officials accreditation program school for judges training and passed that exam. Sal Panzera, one of our judges, they have to renew every two years, and that was his year to renew his continuing ed, so he did that also. And then our state police unit went to the organization of racing investigators conference to learn the latest investigative techniques. So we're trying to keep everybody up to date.

So looking at our report, first of all, we'll go to the page on Suffolk Downs. They increased their race days from six to eight. And that, you know, led to an increase in number of races which was significant. They had 29 more races in 2017 versus '16. That allowed 259 more horses to start. Their average field size actually improved from 7.4 to 7.9. And they gave out about a million more in purses. So that was a significant increase. It's amazing what just a couple of days can do.

Going on to Plainridge Park, they increased their number of days from 115 to 125. Their number of races went up about 100. Significantly with the sire stakes, they were able to increase their number of races, and more importantly, in 2016, only one of those was a wagering race. And in 2017, 14 of those were wagering races. That was a big improvement. So you can see that the Massachusetts breeding on the standard bred side is really taking off and improving.

>> COMMISSIONER ZUNIGA: Can you just point to that number again?

>> MS. LIGHTBOWN: On I'm on page 16. That page just gives the stats for 2017. But the numbers -- I've compared it for you, giving some of the numbers from 2016 to show how it's increased.

>> COMMISSIONER ZUNIGA: Yeah, but the breeding -- the breeding piece I was interested.

>> MS. LIGHTBOWN: Okay. So where it says 2017 racing stats, and it says total number of races, it's got 1,202. And then it gives the overnights, and then it has 20 mass sire stakes and in parentheses nonwagering and then 14 mass sire stakes wagering.

>> COMMISSIONER ZUNIGA: Yes.

>> MS. LIGHTBOWN: So that 14 for 2017 would be compared to the one race in 2016.

>> COMMISSIONER ZUNIGA: Right. Okay.

>> MS. LIGHTBOWN: Again, their average field size went up from 7.22 in 2016 to 7.42 in 2017. And they gave out about \$2 million more in purses in '17 than they did in '16. So, again, those amounts went up significantly.

On page 17 at the bottom, we talk about the racehorse development funds that were distributed for the thoroughbred accounts. It's about \$3.5 million. The year before that it was \$2.5 million. And for the harness accounts, it's 6.5, and it was 5.9 the year before. So again, there was significant increase in the amount of racehorse development funds that were given out.

So I'm on to page 18 now under licensing. The licensing state consistent, which is great to see. The number of applications was similar. We had about an increase of about 200. And one thing to remember with the licensing is that we instituted the possibility of a one, two or three-year license being taken out in 2015. So it's been very popular at Plainridge. So a lot of the people at Plainridge may have a two or three-year license so they don't actually get counted in these numbers because our system only records the financial part of the transaction. So those transactions were calculated in earlier years. So this is still significant that we're still getting, like, 1,000 people licensed in a year like that even though a lot of people that are returning may have taken out a two or three-year one.

>> COMMISSIONER ZUNIGA: But that's not the case with Suffolk Downs. They are only licensed one year at a time?

>> MS. LIGHTBOWN: At Suffolk they have the option, but where racing is a little more uncertain, most people have only taken out a year. We have had people that have taken out two or three-year licenses, but it's very limited.

>> COMMISSIONER ZUNIGA: Mm-hmm.

>> MS. LIGHTBOWN: Again, our fees and number of licenses issued were very similar from '16 to '17 which I think is a great testament to the interest in the racing.

We're still issuing, you know, 1,000 licenses at Suffolk and, you know, we issued a little over 1,000 at Plainridge. And again, you've got to remember that there's actually more people that license at Plainridge because of the multiyear factor.

The troopers numbers vary a little bit just depending on whatever may be going on at the track. At the time there wasn't anything really significant in change there. Going on to page 24 under laboratory services. The number of samples that we took obviously went up because there was considerable more days of racing. And there is a list of all the different either overages for therapeutic medications or positives for other drugs. And it's interesting because in 2016, we had 16 overages of the controlled therapeutic medication program and 10 positives. And in '17, we had 15 controlled therapeutic overages and 10 positive. So it's virtually the same, which is great because proportionally, obviously we had a lot more races in '17. Proportionally, the number of drug positives and overages went down.

>> CHAIRWOMAN CAMERON: Dr. Lightbown, can we attribute that to something?

>> COMMISSIONER ZUNIGA: Our oversight.

>> CHAIRWOMAN CAMERON: Our oversight.

>> COMMISSIONER ZUNIGA: Couldn't you?

>> MS. LIGHTBOWN: Yeah. I mean, we've made a big effort to try to educate everybody. We put on it a trainer's manual that's on our website. We hand it out in our office. It's in the office down in the test barn and in the paddock judge's office, so it's very available. It's online, to try to make sure everybody knows. The therapeutic medication list now has been out there for five years, and it's occasionally updated. Those are -- that was an effort to recognize that there are medications that are legitimately used in athletes, just like a human taking aspirin, or a horse, similar thing. You just don't necessarily want it given the day of the race. And so there's levels that are acceptable, and there's some guidelines as to how those medications can be given to make sure that you're under those, and we just stress that with those.

>> COMMISSIONER ZUNIGA: I know that there would be -- it's hard to find direct causation, but I really believe that when people know that we're constantly sampling or testing the winners and randomly and other horses and those samples are being kept securely and sent to an accredited lab, that there's the occasional case that gets to the hearing officer and gets to us about somebody who went over, you know, the threshold, et cetera. People know that they need to take all of these matters very seriously and look at the manual, as you suggest, and learn about all of those thresholds.

>> MS. LIGHTBOWN: Yes. And our lab is good. They have several different programs that they'll offer the trainers if they have questions about how they're giving the medications and all. And we also post all of our rulings. So it's very transparent once they've had the ruling, the judges have made their decision, it's posted in the racing building, and it's also online. And we keep a -- there's a book that we keep, a binder, and that's left out, and the trainers have access to that basically any time they want to come into that building. So they can even go in that building when nobody's in the building. That part is open, left open. So if they want to come in and flip through those and see what rulings we've had, it's right there.

>> COMMISSIONER ZUNIGA: And by the way, along the same lines, is it fair to say that we have a community of the same number of -- the same people coming year to year? Because if we had a lot of new people, let's say, or a lot of rotation, then, you

know, there would be at least more of a need for more education or whatnot.

>> MS. LIGHTBOWN: Right. And we do have a lot of new people coming in, particularly at Suffolk. That's a lot of new people. And at Plainridge, we also have -- where the purses have gotten better, we have seen a big increase in more people coming from other tracks.

>> COMMISSIONER ZUNIGA: Okay.

>> MS. LIGHTBOWN: For the day and that type of thing. One of the fortunate things is with RCI trying to promote uniformity between the different states, and part of it's that therapeutic medication program.

>> COMMISSIONER ZUNIGA: Yes.

>> MS. LIGHTBOWN: Everybody should be on that same page, you know. So if they're racing in New York or Maine or New Jersey, they should be under that same program. Some of the states have a slightly different thing on certain drugs. I think New York still has a difference on their Clenbuterol level, but the trainers are aware, you know, that there's a difference in things like that. And they're aware that in Massachusetts, we follow the --

>> COMMISSIONER ZUNIGA: RCI rules.

>> MS. LIGHTBOWN: RCI rules.

>> COMMISSIONER ZUNIGA: Okay. So we couldn't really take all the credit, then.

>> CHAIRWOMAN CAMERON: We can take partial credit, though. I would agree that we can. I think by reading -- you mentioned this, commissioner -- when an appeal does make its way to us, when we look at those reports, it's really apparent that whether it be the folks in the test barn or our judges, you know, the work is very professional. We are following model rules, and, you know, that's -- it's a pleasure to read those reports due to the fact that we see that things are being done according to -- according to best practices. So it's a tribute to you and your staff.

>> MS. LIGHTBOWN: Thank you. And Justin Stempack has been a great help for us. He handles the appeals, and he does training with the judges at the beginning of the year. I attend those also so that, you know, we're all on the same page. And then he's very good about if something gets appealed, he follows up with us on what we need to do to help him out on his part of it.

>> COMMISSIONER ZUNIGA: You know, I would like to attend that training when it comes up next.

>> MS. LIGHTBOWN: Great. Yeah.

>> COMMISSIONER ZUNIGA: Just to see it.

>> MS. LIGHTBOWN: Yeah.

>> COMMISSIONER ZUNIGA: And maybe learn something from it.

>> MS. LIGHTBOWN: Sure. Let's see. As far as rulings for 2017 at Suffolk, they issued five rulings. And that was mainly -- there was a drug positive there which we really hadn't had drug positives at Suffolk, you know, at the boutique meet that they have been doing. And then there was an issue with a claimed horse. So that was, you know, not a big jump, but it was a little bit of a difference from before.

At Plainridge, the number of rulings actually went down slightly. There were 129 in 2016. And there were 123 in 2017. We had the same board of judges that we had in the second half of '16 going into '17. So I think it was, you know, pretty consistent on what they were -- how they were doing things. One thing that we

do to try to help the horsemen out as well is at the beginning of the season, there's a meeting before the first day of racing with the trainers and drivers, grooms, anybody who's there can come down. And the judges address them, and Steve O'Toole does, I do, just with some of the highlights of what's expected. And if there's any new rules that have come up over the winter, we talk about that and go through that. So, again, it's -- we would encourage people to follow the rules. We're not looking to -- on a kind of a get you thing. We would prefer anybody just follow the rules, but if they don't, then, you know, we'll follow up with the consequences. So...

And I think that pretty much brings up the part that I'll give. I'll turn it over to Doug O'Donnell. We did have something that we discovered this morning on our expenditures that we're going to have to go back and correct those numbers. As you know, with racing, we operate on a calendar year, and our reports are calendar year. And most everybody else goes on a fiscal year. So we had a little bit of an issue converting from one to the other. So we'll make that correction. And also we've noticed a couple of typos. So we'll also address those before we make it public. Now I'll turn it over to Doug.

>> MR. O'DONNELL: Okay. Good morning, Commission.

>> COMMISSIONER STEBBINS: Good morning.

>> CHAIRWOMAN CAMERON: Good morning.

>> MR. O'DONNELL: So if we go to page 30 where the racing financials are, again, what Alex said is it's based on a calendar year basis. So this is for 2017. And the total receipts for that year were \$2,646,601, which is down approximately \$300,000 from the prior year, which we can discuss later in the report.

As she said, the expenditures, we had an issue with the calendar year/fiscal year, so we will not be reviewing those, and that will have an effect on the following page as well. The program revenues are accurate, but with the additional program expenses, it's going to throw off the bottom line there. So again, a revision will be submitted to you.

So if we go to page 32, handle and revenue by track, live and on-track handle, we had a total of \$219,010,295, and that was up from the prior year, which is approximately \$209 million. Commission and fees were \$2,081,404, which we're down a little bit from the prior year. And the outs were \$565,197,000. And the prior year was \$582,000,000 so those outs remain somewhat consistent.

Then we have Commission business on page 33. If we want to go to page 35, it's a handle comparison, comparing 2016 to 2017. Total live handle, we had an increase of 25%, which is attributable to the additional race days. We had 115 at Plainridge Park in '16 and 125 race days in 2017. And Suffolk, we had six race days in '16 and eight race days in '17.

If we go down next to total import, we were up 4.21%. And on the exports, we were up 20%. Which also would be attributable to the additional race days. Which gives us a total increase for all handles of 5.8%. So on the following page, it will show the handles, which we just went over, 5.8% and the commissions.

In 2017, you'll see the first line item there of commissions. We were actually down 23%. And that is due to the fact that the dog handle commission was reduced last year from 2.5% to .375%. So that's a significant reduction. You know, that's why the difference is there.

>> COMMISSIONER ZUNIGA: And that was a permanent reduction, remind me, right?

>> MR. O'DONNELL: Yes.

>> COMMISSIONER ZUNIGA: Yep.

>> MR. O'DONNELL: Yep. And that was at the beginning of last year.

>> COMMISSIONER ZUNIGA: Yes. From the beginning.

>> MR. O'DONNELL: So we saw that big difference, yeah.

So moving forward, analysis of purses paid in 2017, we always do a comparison between 2016 and '17. As you can see in '16, the Plainridge Park purses were \$7.9 million. And this year they were \$9.9 million. And Suffolk Downs was 2.7 and compared to 3.8 for this year.

>> COMMISSIONER ZUNIGA: Can I go back a little bit to the handle comparison on page 35?

>> MR. O'DONNELL: Yep. 35?

>> COMMISSIONER ZUNIGA: Yeah. On the import, help me understand the import and the export.

>> MR. O'DONNELL: Okay.

>> COMMISSIONER ZUNIGA: The import in Plainridge went down.

>> MR. O'DONNELL: Yes.

>> COMMISSIONER ZUNIGA: While Suffolk went up. How is that?

>> MR. O'DONNELL: Again, Suffolk includes all the ADWs.

>> COMMISSIONER ZUNIGA: Oh, of course.

>> MR. O'DONNELL: So that's -- you know, they did have an increase of handles there.

>> COMMISSIONER ZUNIGA: Yeah.

>> MR. O'DONNELL: Plainridge was down moderately. And that -- you know, that varies year in and year out. I mean, they were only down 1.6%, but you can see there --

>> COMMISSIONER ZUNIGA: Their export is --

>> MR. O'DONNELL: Exports increased.

>> COMMISSIONER ZUNIGA: Yeah, yeah.

>> MR. O'DONNELL: So, I mean, you know, they stay within certain parameters in terms of what their handles are.

>> COMMISSIONER ZUNIGA: But the export is positive, and I guess that's a positive development from the additional purses. Now, our races are being watched elsewhere.

>> MS. LIGHTBOWN: Exactly.

>> COMMISSIONER ZUNIGA: More with these outcomes.

>> CHAIRWOMAN CAMERON: Better product.

>> COMMISSIONER ZUNIGA: Right. Okay.

>> MR. O'DONNELL: Okay. So if we go to page 38, the Suffolk Downs financial report, again, live handle was up. We also include the ADWs which are in there. And their total handle was up over 10% for the year. Okay? And along with that, their total revenues were also up close to 10%. 8.5%.

>> COMMISSIONER ZUNIGA: That's great.

>> MR. O'DONNELL: The next page is their capital improvement trust fund and

promotional trust fund. They have a significant balance in their cap fund. They started off the year with \$810,000. Revenues into it was \$784,000. They did have some expenditures out of there, and their balance at the end of calendar year 2017 was \$815,000. So again, you know, they're working with us. And submitting their RFCs for the cap fund. We'd like to see more come in to reduce this. They would, too, but it's just taking a little time.

In their promotional trust fund, they are in a deficit. They have submitted RFCs for the promotional fund which far exceed what's in there. So they're in -- what's been submitted, they're in a deficit of \$654,000. So as that fund increases, they will submit an RFR for us to get that money out to them.

Okay, moving on to page 40, it's Plainridge Park Casino. Again, you can see the overall handle is up 5.6%. Exports have a play in that. And the total revenues are down. Once again, it's due to the dog handle commission because that was reduced. And moving forward on page 41, their capital improvement trust fund, they started off the year with \$289,000. They have taken -- they have done some significant work there. Program revenue that went in was \$185,000. And the end of calendar year '17, they had \$124,000.

With their promotional trust fund, they started off the year in a deficit, but they have put additional monies in there, \$58,000, and they currently have \$21,000 in there now.

>> COMMISSIONER ZUNIGA: So the revenues at Plainridge are impacted by the dog simulcasting?

>> MR. O'DONNELL: Yes, because they take dog signals there.

>> COMMISSIONER ZUNIGA: They do.

>> MR. O'DONNELL: Yes, they do, yep.

>> COMMISSIONER ZUNIGA: Okay.

>> MR. O'DONNELL: And that's primarily what the difference is.

>> COMMISSIONER ZUNIGA: Okay.

>> MR. O'DONNELL: Okay. So if we go to page 43, Raynham Park, their overall signals were down approximately 7% from the prior year. And the biggest impact on their revenues was the Commission's because the majority of their handles are from dogs. So that's why they had a big decrease in that.

And with Wonderland, their handles were also down significantly, and that's because Suffolk Downs last year took dog handles on the Suffolk license, okay? So they've taken a fair amount of dog signals and put them over in Suffolk. And again, that's the same with --

>> COMMISSIONER ZUNIGA: Oh, really?

>> MR. O'DONNELL: Yes.

>> COMMISSIONER ZUNIGA: Because it's not more economical? Or is the market bearing that or --

>> MR. O'DONNELL: It's whatever the market bears.

>> COMMISSIONER ZUNIGA: Whatever the market bears, okay. Okay.

>> MR. O'DONNELL: And that shows, again, a big decrease in their total revenues.

And on page 45, I would just like to point out the smile on Commissioner Stebbins' face. He was our honorary pee catcher for the day, and he was carrying around his work. So we all at MGC want to thank him.



>> COMMISSIONER STEBBINS: I'm holding an empty bucket. It's empty.

>> MS. LIGHTBOWN: It's a water bucket.

>> COMMISSIONER STEBBINS: It's a water bucket.

>> COMMISSIONER ZUNIGA: It's a water bucket.

>> CHAIRWOMAN CAMERON: So that was a prop?

>> COMMISSIONER STEBBINS: Yes. Any kind of just industry -- I mean, Florida just went through their recent election. They are banning dog racing.

>> MR. O'DONNELL: Right, going through 2020.

>> COMMISSIONER STEBBINS: Is that going to affect the market?

>> MR. O'DONNELL: It really hasn't had an effect on us as of yet because a lot of the major signals will still continue through 2020. Some of the smaller tracks, you know, may phase out next year. We don't know. But towards the end of 2020 when that's done, the majority of the signals and the tracks come out of Florida, so that will have a big impact on the --

>> COMMISSIONER STEBBINS: Revenue for those licenses.

>> MR. O'DONNELL: Yeah.

>> COMMISSIONER ZUNIGA: Interesting. Can I go back just one, number 30 -- page 30, and I know there's expenditures that are not reflected, and we'll correct that. But in general, are the commissions and receipts exceeding the expenditures overall?

>> MR. O'DONNELL: They usually do. The last time we had a surplus was 2012. We had 100 and -- I want to say \$110,000 surplus which was split between the purse accounts with the tracks. From there until now, we have run into a deficit. But last year was \$135,000 deficit. So it's really marginal. And it's always been pretty close to that. You know, a couple years it's been under \$100,000, a few over.

>> COMMISSIONER ZUNIGA: Right. Okay. That's great. It's a great report.

>> COMMISSIONER STEBBINS: Good work.

>> CHAIRWOMAN CAMERON: Any questions? Again, thank you to the team. I know you just finished the season, and it's apparent every time we go out there how everything is working smoothly. We are a model agency, and please thank the team for their professionalism and their hard work.

>> MS. LIGHTBOWN: Thank you. We have a great group working for us.

>> Thank you, guys.

>> Thank you.

>> CHAIRWOMAN CAMERON: Thank you all. Okay, we'll move on now to the legal division. General Counsel Blue.

>> MS. BLUE: Good morning, Commissioners. We have two items for you today. The first is the nondisclosure agreement template, and I have Deputy General Counsel Grossman here to speak to you on that. And then we have some amendments to the gaming equipment regulation 205 CMR 146. So we'll start with the NDA template first.

>> MR. GROSSMAN: Good afternoon, Commissioners.

>> COMMISSIONER STEBBINS: Good afternoon.

>> CHAIRWOMAN CAMERON: It's not quite afternoon.

>> MR. GROSSMAN: Good morning. Good morning.

>> COMMISSIONER STEBBINS: You're usually on late anyways.

>> MR. GROSSMAN: I'm usually up by about noon. Anyway. As you're aware, we

have nondisclosure agreements that we typically enter into with gaming licensees. Before you is the template that we use when negotiating these agreements. There was a particular issue identified in the template that we thought the Commission should have a look at in order to determine whether the right policy is reflected in this nondisclosure template. And as you can see, it's highlighted in red on the next page of the packet. It's paragraphs 8 and 10. And it pertains to the Commission's obligation to notify the gaming licensees upon being contacted by a governmental agency to provide certain information that is subject otherwise to this agreement.

Under the existing language, we would notify the licensee that we had been contacted by a governmental agency seeking information that is subject to the coverage of this agreement. For purposes of allowing them to seek a protective order or some other type of court intervention perhaps preventing us from turning the information over, and there is similar language relative to subpoenas. Under the new proposed language, that function would be made discretionary on the part of the Commission if it were determined that the integrity of a governmental investigation could be compromised by notifying the gaming licensee.

It was included initially as a means to ensure that the licensees had a certain comfort level in providing us the wide variety of information that they do, some of which is required by law. Other is somewhat discretionary on their part. And as you'll recall, absent the nondisclosure agreement, the Commission does not have any means to protect from public disclosure much of the information that we do receive from the gaming licensees. So it is a critical component to our ability to fulfill our duties to oversee the gaming industry here in Massachusetts to take in as much information as possible and to be able to protect as much of it as possible. So that's the issue that is before the Commission. It's ultimately really just a matter of public policy at the moment.

>> COMMISSIONER O'BRIEN: I just want to say thank you for working on the issue in terms of making sure that while we assure the licensees, we're also fulfilling our role as an investigative or enforcement body as well and working in conjunction with, you know, government investigations, et cetera, and not compromising anything unwittingly. And so I appreciate you taking the time to amend the template.

>> MR. GROSSMAN: My pleasure.

>> COMMISSIONER ZUNIGA: Should it read shall not be under any obligation, et cetera, if it determines that the integrity -- is there an if there that needs to be right up to the comma? And my question is more substantive than that. Is it the Commission, us, or the agency Executive Director or the legal department? How is that determination in use of discretion?

>> The first question I think is easier. I think the if exists in the previous part of the sentence.

>> COMMISSIONER ZUNIGA: Yes.

>> MR. GROSSMAN: The second part is a little more complicated. Typically -- and this does not or has not yet come up with any frequency, but the legal department typically processes all requests for public records oftentimes in conjunction with other divisions of the Commission and makes a call as to whether the NDA applies or it doesn't apply. This would add a level of discretion into the mix. And with many other things I would say that if it were a significant matter, I think we would probably bring it to

the Commission to decide exactly what to do, but I think we would try to resolve it if we could at the staff level.

>> COMMISSIONER ZUNIGA: Okay.

>> COMMISSIONER O'BRIEN: My only concern with that is whether erring on the side of protecting the integrity of an investigation is whether the judgment of General Counsel's office is to disclose to the licensees. That would be something that prior to doing disclosure I would hope the Commission would be alerted -- we as the Commissioners would be alerted to something like that.

>> MR. GROSSMAN: Obvious -- I mean, that's fair. Obviously, bringing certain issues, we'd have to do that in executive session.

>> COMMISSIONER O'BRIEN: In executive session.

>> Or come up with a way to do it, I guess. Yeah, we haven't really confronted the issue, but I think your point is certainly noted, and we would make efforts, of course, to do that.

>> COMMISSIONER ZUNIGA: We could, like, in other areas use the expertise of one Commissioner to have input on this.

>> COMMISSIONER O'BRIEN: True.

>> CHAIRWOMAN CAMERON: That may be appropriate. And I think commissioner O'Brien would be the appropriate Commissioner to deal with these matters.

>> COMMISSIONER ZUNIGA: Mm-hmm.

>> COMMISSIONER O'BRIEN: That's fine.

>> MR. GROSSMAN: Okay.

>> CHAIRWOMAN CAMERON: I think it will be rare, but if it does happen, I think that would be an appropriate way to move forward with Commissioner O'Brien's guidance in the matter. Or at least a notification to Commissioner O'Brien.

>> MR. GROSSMAN: So I take it the Commission is comfortable with the proposed language which would modify the template moving forward.

>> COMMISSIONER ZUNIGA: Yes.

>> MR. GROSSMAN: With any nondisclosure agreements.

>> CHAIRWOMAN CAMERON: And this issue requires a vote.

>> MS. BLUE: Yes.

>> CHAIRWOMAN CAMERON: Do we have a motion?

>> COMMISSIONER O'BRIEN: Commissioner, I move that the Commission approve the template as presented today to the Commission subject also to the caveat that we discussed in terms of notification to me as the designated Commissioner to the extent that the discretion is not exercised.

>> COMMISSIONER ZUNIGA: I second that.

>> CHAIRWOMAN CAMERON: Further discussion? All in favor?

[ Vote taken ]

Those not in favor, zero. It passes 4-0. Thank you very much.

>> MR. GROSSMAN: Thank you.

>> COMMISSIONER O'BRIEN: Thank you.

>> COMMISSIONER ZUNIGA: Thank you.

>> CHAIRWOMAN CAMERON: The second issue. The team is coming forward.

>> MS. TORRISI: Morning, Commissioners.

>> CHAIRWOMAN CAMERON: Good morning.

>> MS. TORRISI: So in your packet you have some amendments to 205 CMR 146 which are the gaming equipment regulations. These changes were spurred by some issues related to just the comfort of the patrons at the physical tables. They were finding they were a bit overcrowded and our regulations as they exist now are quite rigid and require a specific number of seats at each table. So we've just made some amendments to allow up to that number of seats so that if it does become overcrowded, the licensee can remove one of those chairs.

We've also made some changes just to clean up the language to make sure it's clear what terms we're using when we're talking about the player's actual seat at the table versus the betting area on the table. So do you have any questions on those changes?

>> COMMISSIONER ZUNIGA: Yeah. What happens when there's a chair removed and, of course, the layout doesn't change?

>> The layout will change with that.

>> COMMISSIONER ZUNIGA: Oh, it will?

>> Yeah. It will go down to -- let's say if it required seven originally and now they want to use six, their layout will have six on it.

>> COMMISSIONER ZUNIGA: So this is something that -- an adjustment that they don't necessarily do on the go.

>> Yeah. I mean, it's not that hard to get a new layout printed and things like that.

>> COMMISSIONER ZUNIGA: Okay.

>> Going forward for, you know, patron comfort, a lot of places will reduce the number of seats available.

>> COMMISSIONER ZUNIGA: Yeah. Okay.

>> CHAIRWOMAN CAMERON: I think I was missing the point that if it's overcrowded, you have less seats.

>> COMMISSIONER ZUNIGA: I think it's elbow room.

>> CHAIRWOMAN CAMERON: Oh, it's elbow room?

>> COMMISSIONER ZUNIGA: You know, if it's too close, the tables are too close to each other, right --

>> Yeah, too close and crammed in.

>> CHAIRWOMAN CAMERON: I see. Okay.

>> COMMISSIONER ZUNIGA: Not able to be able to get in comfortably because of, you know.

>> CHAIRWOMAN CAMERON: I understand now. Thank you.

>> It gives the licensee discretion.

>> CHAIRWOMAN CAMERON: I see. Thank you.

>> COMMISSIONER STEBBINS: And previously, we were prescribing betting positions, whatever the equipment could fill.

>> If it said seven, you had to have seven on there.

>> COMMISSIONER STEBBINS: You had to have seven, and seven people might want a little more space.

>> Exactly.

>> COMMISSIONER STEBBINS: Okay.

>> CHAIRWOMAN CAMERON: Further questions?

>> COMMISSIONER ZUNIGA: No. Very good. Very straightforward.

>> COMMISSIONER STEBBINS: Madam Chair, I move the Commission approve first the small business impact statement for the amendments to 205 CMR 146 gaming equipment as included in the packet.

>> COMMISSIONER ZUNIGA: Second.

>> CHAIRWOMAN CAMERON: Further discussion? All in favor?

[ Vote taken ]

Those not in favor? 4-0. That passes.

>> COMMISSIONER STEBBINS: Next I move the Commission approve the amendments to 205 CMR 146 as included in the packet and authorize the staff to file the regulation on an emergency basis pursuant to Chapter 23K Section 5B and further to take the steps necessary to file the regulation with the Secretary of the Commonwealth and to proceed with a formal regulation promulgation process.

>> COMMISSIONER O'BRIEN: Second.

>> CHAIRWOMAN CAMERON: Discussion? All in favor?

[ Vote taken ]

Not in favor? 4-0. Thank you very much.

>> Thank you.

>> COMMISSIONER STEBBINS: Thank you.

>> CHAIRWOMAN CAMERON: Next we will move on to community mitigation.

Mr. Delaney will be assisting us.

>> MR. DELANEY: Thank you, Commissioners.

>> CHAIRWOMAN CAMERON: Thank you.

>> MR. STEBBINS: Thank you.

>> MR. DELANEY: So I'm pinch hitting for John today. But before we start, we'd like to thank all the members of the Gaming Policy Advisory Committee, the local community mitigation advisory committees and the subcommittee on community mitigation for their participation and input into this process. And in particular, we would like to mention the Region A Chair, Richard Caraviello, representing the City of Medford; the Region B Chair, Jill McCarthy Payne, representing the City of Springfield; and Ron Hogan from Region A and Carmina Fernandes from Region B who are our subcommittee members.

Back on October 25th, we had a fairly lengthy discussion here on the draft guidelines, so I won't go into a whole lot of depth on a lot of them. I'll just touch on some of the high points and on some of the things we may not have discussed in depth on that day. For our 2019 spending targets, we spent a little bit of time on this issue. What we're recommending is a \$200,000 spending target for the category 2 facility with \$2.5 million for Region A and \$4 million for Region B. That being the \$2.5 million from the original gaming licenses plus the \$1.5 million that they expect to generate between August and September makes up that difference between Region A and Region B.

>> COMMISSIONER ZUNIGA: What was the spending target, remind me, of the Category 2?

>> MR. DELANEY: \$200,000. That's basically been our historic spending on that.

>> COMMISSIONER ZUNIGA: Historical?

>> MR. DELANEY: And obviously, we can modify that if a little bit if we for some reason receive lots of applications for that area, we can reevaluate that split.

One of the things we talked about was having regional target spending, which we just went over, and it was agreed that the money that was generated in Region A would stay in Region A. Money in Region B would stay in Region B with the Category 2 being a combination from both of the facilities since they don't generate any community mitigation funds themselves.

Now, what we also did in this, we are saying that any money that would carry over that was generated -- we would carry it over for a period of up to three years, and our guidelines reflect that. When we were in all the committee meetings, there was some talk about having the carry-over money being first in, first out. And we looked at that, and that kind of a more open-ended system could benefit a region by allowing funds to accumulate for a potential large project. But also, that accumulation could also be at the expense of some of the more immediate needs of other regions. So we are proposing, you know, what we did in the guidelines, and that's what we're recommending to move forward with.

>> COMMISSIONER ZUNIGA: The three-year carry-over?

>> MR. DELANEY: Yeah, three years, and at the end of three, it goes back to sort of we'll call a general fund that can go to either region.

>> COMMISSIONER ZUNIGA: Right.

>> MR. DELANEY: Rather than having this first in, first out means that any carry-overs, the first all is spent. If that region continues to expend less than what they're allocated, what you wind up with is all of the old money being spent first and sort of larger potential surpluses being generated in that area, which then the Commission at some point the Commission would have to come back and say, well, do we want to continue to sort of hold this money or move it?

>> COMMISSIONER ZUNIGA: Yep.

>> MR. DELANEY: This gives a little bit more definitive guidelines on when that money comes back to the general fund to be split between the regions as necessary.

>> COMMISSIONER ZUNIGA: Right. But it's only that first-year money that comes back after three years, right?

>> MR. DELANEY: Right.

>> COMMISSIONER ZUNIGA: Not the second year it comes back --

>> MR. DELANEY: For the sake of argument, if we said the first year there was a million dollars carried over, then next year it was 2 million, that first million plus another million and so on. After the third year, that first million would roll back, but that second and third -- it would be a rolling.

>> COMMISSIONER ZUNIGA: A rolling. Yep.

>> MR. DELANEY: Revision, I guess, reversion.

>> COMMISSIONER ZUNIGA: Hey, it could still come back to that region, frankly, right?

>> MR. DELANEY: Yes.

>> COMMISSIONER ZUNIGA: It just comes back --

>> MR. DELANEY: We hope it never comes to this. We hope that if someone underexpend one year, we hope they make up the next year, but we're just trying to do this sort of as a just in case kind of thing.

>> COMMISSIONER ZUNIGA: Right. Mm-hmm.

>> MR. DELANEY: One of the things that we were asked to look at was the potential

for additional applications to be submitted post-February 1. So there are two pieces to this. The first piece is that our -- by statute, we're required to have a February 1st deadline. So we don't think that without a legislative change that we can have sort of a general kind of rolling admission process.

The second part of it is that we said that previously we had set up reserves for the individual cities and towns. What we could do is set up a reserve that would have to be applied for by some entity, which we don't know who that would be yet, that could sort of reserve that money for potential emergency expenditures. Now, right now we have no language in our guidelines that allows that. So if the Commission wants to move ahead with that and any motion you would have to give us the authority to essentially write some guidelines around that. And to make that happen. So right now we've said it's a possibility, but we don't have anything written really to make that happen.

>> COMMISSIONER STEBBINS: I think, just to add on to what Joe discussed, we kind of had this question and it really kind of percolated up to the community mitigation subcommittee, which is what do we do in this window from February 1st to the following February 1st? If there's an emergency mitigation that needs to happen, we can't -- I don't think we should be in a position of just saying, well, we'll have to wait until the next deadline. We want to, I think, try to be more proactive and address something. Keeping in mind there is certainly language in host community and surrounding community agreements to potentially deal with some of these issues, but my thought in talking with John and Joe was to say we know that there's going to be some extra money available from what MGM is contributing to the pot even though there's obviously this focus on keeping the money locally but creating kind of an emergency reserve that a host community I guess in this place could apply for. It would still require Commission approval, as we did with the previous reserve process that John and Joe and Mary created and that we created in past years. And again, to set this money aside if an emergency comes up that we need to deal with, we just don't want -- again, I don't think we want to find ourselves in a position of saying we've got to put you off until the next mitigation round.

>> COMMISSIONER ZUNIGA: But what could come up that's an emergency that needs something that cannot wait?

>> MR. DELANEY: It could be unforeseen, so I can't really say.

>> COMMISSIONER ZUNIGA: Right. Well, has there been anything --

>> COMMISSIONER O'BRIEN: Weather event or something possibly, right?

>> COMMISSIONER ZUNIGA: Related to the casino?

>> COMMISSIONER O'BRIEN: If the casino functioning somehow was affected, you know, their continued functioning based on some sort of damage or --

>> COMMISSIONER ZUNIGA: That impacts the community?

>> COMMISSIONER O'BRIEN: Yeah.

>> COMMISSIONER STEBBINS: And I -- not to interject, I think we were wrestling with this question, and I would suggest, you know, putting it forward as kind of a one-year pilot. Let's see how it -- you know, see what might come up, see what may not come up. But at the same time, you know, still giving us as a Commission the ultimate authority to approve an emergency kind of reserve application. It's not just there and the community can come get it when they want to, which is the old reserve

process, but we still have some authority. You know, we're kind of walking into some uncharted waters that I think our interest is heightened by the fact that we've always had this February 1st deadline. Statute provided for it, but should we just be a little more cautious and think of what might happen between these funding rounds?

>> COMMISSIONER ZUNIGA: Yeah. I just don't see it. I think, if anything, we could try to allow for some retroactivity if it fits within the guidelines and keep to the, you know, to the statutory deadline. I think in the past, the only thing that came up was somebody who missed the deadline and, you know, if it's something that we've done in the past, they could appropriate -- the communities could react accordingly, appropriate the money, tap their own funding reserves for emergencies and whatnot and then come back to the Commission at any time, you know, for some retroactive consideration. I think creating this reserve for emergencies might -- just sounds like, I don't know, stretching the guideline -- the statutory dateline and opening the door for a lot of, I don't know, requests that might be hard to manage.

>> CHAIRWOMAN CAMERON: I'd like to hear from General Counsel Blue regard to the statutorily -- the deadline and what our ability is.

>> MS. BLUE: So the February 1st deadline applies to the Commission and applications have to be in by February 1st. We would have to do some careful thinking about how to set this up because when we did the reserves to the communities, the Commission made an award to the community as based on a February 1st application. When it came back, the Commission really wasn't approving the award, per se. They were approving a use. They gave the money -- they gave it to the community subject to them coming back and telling us about it.

In a situation like this, there would have to be an application by February 1st by some entity to put this reserve into their hands. We would have to think about what kinds of guidelines we wanted to craft around that so that the entity with the reserve money could make a decision that complied with our guidelines. So we can go back and craft something for the Commission to look at, but the February 1st application date really, as far as the Commission is concerned, is a pretty hard and fast kind of date. So I appreciate the idea of a reimbursement, and that is something we should consider, too. But this is a little different than the reserves we set up for individual communities.

>> COMMISSIONER ZUNIGA: Yeah, I just don't see -- and again, it's -- it would be for an unforeseen condition, you know, but I don't -- I don't -- it's hard for me to imagine the emergency that would warrant this, especially we have now an ongoing process. We have this year over year in some cases. Communities are not really spending the money that they have been awarded, which creates, you know, enough of a cash flow in the fund, you know, to, again, monitor and manage and whatnot and make awards the following year. I think within that context, you know, communities at any time -- and they have in the past -- can come in and say, you know, can I modify my prior award, I don't know, split it for the next fiscal year, whatever -- whatever the case may be and give us the discretion at that time to make any adjustments. But I think the funding round on the award round, I think it's important to preserve. Otherwise it becomes too hard to manage.

>> COMMISSIONER STEBBINS: Yeah. And again, I was thinking of a motion that would certain allow or ombudsman and Joe to work with legal to kind of lay out this



framework and make an application available by February 1st. And just thinking initially about the idea of giving a community a chance to come back to us and having them expend the funds would put us in a position of having to accept that community's definite -- we spent this money, we thought it was an emergency. That would put us in a position of two choices. We don't think it's an emergency, so you had to go and spend your own money as opposed to a position where maybe we're communicating a little bit more with the community to try to come together and figure out if something was an emergency purpose as opposed to maybe finding ourselves in a position where we've stuck the community with the bill and we said we're not going to reimburse you. So, again, it's -- it's -- I think it's something we all agreed we wish we had thought through a little bit more and vetted a little bit more and got some more feedback from, but coming up in that last subcommittee meeting, again, just -- I'm worried about us not being able to respond to, again, an unforeseen emergency, and, you know, we adopt guidelines every year, so this may not be a guideline next year. But I'd like to think that we could test it out for one year and see where we might find us.

>> COMMISSIONER ZUNIGA: Actually, I think that changing guidelines and communities from year to year creates more of an uncertainty, frankly. But I just -- the certainty of the funding round deadline and what these monies are for with, you know, with the funding round review, I think should be enough. I just cannot fathom the need for an emergency that cannot be, you know, addressed in any other -- in other ways in which communities currently do, you know, that would be related to this fund.

>> COMMISSIONER O'BRIEN: I think for me, the preliminary base open question is really talking to what the General Counsel's group in terms of is there a way, given the statutory structure, to set up a fund either that resides with the Commission that can be applied for at any point by the community, or would it have to be the community who applies by the February 1 and then comes back? And maybe neither one is possible under the current structure.

>> MS. BLUE: It cannot reside with the Commission with an application that comes in after February 1st. The money would have to be given to -- maybe to an organization. If the Commission wanted to have a sort of emergency reserve for each community as you did reserves before, that would be one way to do that. But I think if you're thinking this is a fund that would cover emergencies across the Commonwealth based on an impact from a casino, there would have to be some organization that applied by February 1st, and the Commission would have to award that money to that organization. Then the next step would be how would the Commission monitor that organization giving out the funds. And there would need to be guidelines that that organization had to follow. So we could come back potentially for some sort of review. But the February 1st application date kind of -- it makes it a little bit difficult for us to have something that arises as an emergency after February 1st.

>> COMMISSIONER ZUNIGA: I just don't see the emergency for us for something like this. I know it's -- you know, it's hard to say that we would close the door to something like this. What if there's a real emergency? Well, let's see it happen and, you know, schedule it for the next Commission meeting and think about it. I think designing a program like this that has its merits, if it's -- if people know that there's a funding round that's statutory and that there's guidelines that come out every year and there's going to be a review process for any one of these requests for consideration,

and there's even some flexibility embedded in our whole process in which prior awards can be rethought, reconsidered with some flexibility. It is really hard for me to imagine that there would be an event that's of such magnitude that and the community mitigation money is the only source that could address that for us to do something like this. That's really -- unless somebody can give me a concrete example where, you know, these things wouldn't apply, it's hard for me to go along with this suggestion.

>> CHAIRWOMAN CAMERON: Well, it doesn't sound like it's feasible legally is what you're saying.

>> MS. BLUE: It's -- it would be difficult legally. I mean, we would work to try to craft something that we would present to you for you to consider, but it is -- it is difficult when you're trying to balance the application deadline versus the Commission's ultimate control over how the funds are handed out.

>> CHAIRWOMAN CAMERON: Well, I think we need to vote on this item today. Commissioner Stebbins, maybe some more work for next year would be appropriate, working with the legal team, but it doesn't sound like we're at a point where we're -- we can move forward unless you have more to give us here.

>> COMMISSIONER STEBBINS: Yeah. I would share with you, and I'm not officially putting this in the form of a motion, but the motion I was going to offer would allow us to authorize the ombudsman, the Construction Project Oversight Manager working with our legal department to adopt a framework and apply -- and provide an application for an emergency reserve of \$250,000 for the host community to apply for by February 1st. Is that giving you a sense of -- again, not an official motion but to give you a sense of where we could go with this?

>> CHAIRWOMAN CAMERON: I'm just not hearing enough from legal that this is -- that this is feasible. That's where I'm -- I think -- I am not going to assume that I know that an emergency will not happen, but I'm more concerned with what we can do legally here.

>> MS. BLUE: So I think what you've proposed, Commissioner Stebbins, can be done in the current structure, if a host community were to come to us and say I want to create an emergency fund, if something comes up during the year, then we would review that through the Community Mitigation Fund in the normal course. What it would require is that every community that wanted to do that would need to make an application for that, which is also fine, too. I don't think you need a separate program. We would probably need some guidelines to put into this document about what constitutes an emergency. But you would not need to change the process, I don't think, if you're going to have them apply for that kind of a fund by February 1st.

>> COMMISSIONER ZUNIGA: Yeah. I'd much rather get that. If people say there's been a number of things that have come up in the past that we've had to fund because the deadline has always passed, we feel that, you know, we didn't even bring it up to you guys. What about the next year, you know, could you do that? That would be fine. It's the concept of creating an emergency reserve that I have a problem with.

>> COMMISSIONER O'BRIEN: You said the emergency reserve that resides with the host community or the creation of an emergency fund?

>> COMMISSIONER ZUNIGA: The latter. The latter. Because I think that opens the door for a number of things that become very hard to manage. There's enough for us to do that the team does, you know, year round including not in a small way all of

these consultations with the local community mitigation advisory committees and whatnot and disseminating the information and apprising them of what's new and what remains, that people should be generally in a good position to know what's coming. There's also a finite, you know, a small number of communities really that we see from year to year that, you know, of course given the proximity and, you know, the host and surrounding communities, and there's plenty of, in my view, different sources to tap into from -- for things that do come up.

>> CHAIRWOMAN CAMERON: So are we comfortable moving forward with the idea that within our existing regulations and framework, we can -- there may be a possibility of moving forward with your concerns, Commissioner?

>> COMMISSIONER STEBBINS: Yeah. Again, I'm not -- I'm not sure within the frameworks we have proposed for this year we could, you know, address kind of an emergency or critical situation. Again, and I hear your point. It's trying to think through what that could possibly be.

>> COMMISSIONER ZUNIGA: Well, let them tell us.

>> COMMISSIONER STEBBINS: It's -- I understand, and our point is we can't really help them out potentially for another year, which is not where I want to find ourselves, or I would hope we could be a little more responsive.

>> COMMISSIONER ZUNIGA: But that has never come up.

>> COMMISSIONER STEBBINS: I understand. I understand. But we now have one Class 1 casino that is opening and operating and potentially another one to begin operations within this current -- or upcoming calendar year. Again, I've raised my point. I'm happy to set it aside and see if we can do some more vetting and investigation and probably give our local community mitigation advisory groups a chance to weigh in on this kind of notion as we go forward.

>> CHAIRWOMAN CAMERON: I think that's appropriate.

>> COMMISSIONER STEBBINS: Yeah.

>> CHAIRWOMAN CAMERON: Thank you.

>> MR. DELANEY: And just one more item to discuss that we didn't get to talk about too much back on October 25th. All of our grant programs -- we're proposing all of them to be the same as last year with the same amounts of money, you know, for maximum applications with the exception of one item. We have added what we're calling a transit project of regional significance, and we're proposing to put \$500,000 towards that on a statewide basis. And what this would allow is -- well, a little background. The genesis of this whole thing was the pedestrian bridge in Everett and the ability of the Commission to potentially provide some funds towards that -- primarily towards the head house connector and that kind of thing. And the idea behind this is that the Commission would be able to put some money towards that as long as there are -- you know, it's generally a small amount of money compared to the money that's being put up by either private entities, federal, state or other sources of funds. And as we started looking at this, we realized that this is not just for this particular project, but this is for, you know, down in the Category 2 area. There's been some talk about a regional connector between Plainridge and Foxborough and Wrentham and Great Woods and other locations down there. Out in the western region, there's been some talk of potentially trying to increase service, PVTA for late-night service and other things to help service the casino employees better. You know, nothing's been firmly defined

at this point, but the idea is that we will put sort of a small amount of money towards that this year because really any kind of a project like this isn't going to really get off the ground for a little while and that there would probably only be a small amount of expenditures within this next fiscal year on any one of those projects. So that's essentially what we're proposing on that.

And with that, I guess we'd take any other questions that you may have. You know, we look for a motion on the guidelines giving us some authority to make some minor changes consistent with the guidelines and then what you want to do with the regional reserve or the emergency reserve, we'll take whatever you have on that. And we expect that we'll post the applications, assuming you approve it, early next week.

>> COMMISSIONER STEBBINS: Again, I give a great shout-out to John and Joe and Mary for -- and Jill -- for the great work that they do meeting with the local community mitigation advisory committees, the community mitigation subcommittee of kind of pull all this feedback together. As long as we meet quorum, we have good meetings. But I appreciate the work that's gone into this. Madam Chair, I'd move that the Commission approve the 2019 Community Mitigation Fund guidelines as provided in the packet subject to any kind of grammatical changes or immaterial changes.

>> COMMISSIONER O'BRIEN: Second.

>> CHAIRWOMAN CAMERON: Discussion?

>> COMMISSIONER ZUNIGA: So this doesn't include the notion of the emergency piece at this point?

>> COMMISSIONER STEBBINS: Yeah. It's not included in the guidelines, so we can --

>> COMMISSIONER ZUNIGA: Fair enough.

>> COMMISSIONER STEBBINS: Review and consider that for another date.

>> COMMISSIONER ZUNIGA: Very good.

>> CHAIRWOMAN CAMERON: Further discussion? All in favor?

[ Vote taken ]

Not in favor? Hearing none, the motion passes, 4-0.

Next we're on to Commissioners' updates. Do we have any for today?

>> COMMISSIONER STEBBINS: No.

>> CHAIRWOMAN CAMERON: Okay. The next item, item 9, is an executive session. And the Commission will now go into an executive session pursuant to MGL Chapter 30A, Section 21A3 for the purpose of discussing litigation strategy in the case of Stephen A. Wynn versus Karen Wells, the Massachusetts Gaming Commission, Wynn Resorts, when a discussion in an open session would have a detrimental effect on litigation position for the Commission. The Commission will not reconvene in open session at the end of the executive session. Do I have a motion to go into executive session?

>> COMMISSIONER ZUNIGA: So moved.

>> COMMISSIONER STEBBINS: Second.

>> CHAIRWOMAN CAMERON: Okay. Hearing second, is there any further discussion on that? I'd like to take a roll call vote of the Commission to go into executive session. Commissioner Stebbins.

>> COMMISSIONER STEBBINS: Yes.

>> CHAIRWOMAN CAMERON: Commissioner Zuniga?

>> CHAIRWOMAN CAMERON: Commissioner O'Brien?

>> COMMISSIONER O'BRIEN: Yes.

>> CHAIRWOMAN CAMERON: And I vote in the affirmative as well. Thank you.

The Commission is now in executive session pursuant to the Open Meeting Law, all members of the public and any staff members not involved in this matter to be discussed must leave the room. I ask that all live audio and video recording and livestreaming be shut off and the doors to be room be closed. Thank you.