

COMMONWEALTH OF MASSACHUSETTS  
MASSACHUSETTS GAMING COMMISSION  
PUBLIC MEETING #250

CHAIRMAN:

Stephen Crosby

COMMISSIONERS

Eileen O'Brien

Bruce Stebbins

Gayle Cameron

Enrique Zuniga

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MASSACHUSETTS GAMING COMMISSION

101 Federal Street

Boston, Massachusetts

Tuesday, August 14, 2018

10:00 a.m. - 1:11 p.m.

## P R O C E E D I N G

CHAIRMAN CROSBY: We are calling to order public meeting 250 of the Massachusetts Gaming Commission on Tuesday, August 14th, 10:00 at our offices at 101 Federal Street. First item on the agenda as always is the minutes, Commissioner Stebbins.

COMMISSIONER STEBBINS: Thank you, Mr. Chairman. Enclosed in your packet are the meeting minutes from July 26, 2018, and I move that the Commission adopt the meeting minutes subject to any immaterial corrections or grammatical changes.

COMMISSIONER CAMERON: Second.

CHAIRMAN CROSBY: Any comments? I had one that was pretty small. But on page three, it's talking about the -- we had the conversation about what to do for Region C. And in the paragraph that starts out to summarize, this is where Executive Director sort of summarized what his takeaway from that conversation, it says, "Over the next

1           30 to 45 days, ask staff to focus on the  
2           response to the MG&E letter." And what's  
3           written here is, "And then think about the  
4           broader issues to consider." It was more  
5           specific than that. It was really to  
6           prepare topics that we'll follow in the  
7           broader discussion, and then he went on to  
8           list -- I don't think you need to list them  
9           but he mentioned such things as the market  
10          study, expressions of interest, public  
11          comments and so forth.

12                 So I don't want us to wake up this  
13          time next month and be right in the same  
14          place. There is some prep work that's  
15          meant to be going on. So something like  
16          prepare the topic for topics that will  
17          follow in the broader discussion. Anybody  
18          else? With that amendment, all in favor?  
19          Aye.

20                         COMMISSIONER CAMERON: Aye.

21                         COMMISSIONER STEBBINS: Aye.

22                         COMMISSIONER O'BRIEN: Aye.

23                         COMMISSIONER ZUNIGA: Aye.

24                         CHAIRMAN CROSBY: Opposed? The ayes

1           have it unanimously. Next up is our  
2           administrative update from Executive  
3           Director Bedrosian.

4                   MR. BEDROSIAN: Good morning,  
5           Commissioners. As you can imagine, we are  
6           just about ten days out from MGM's opening.  
7           Staff is very focused on that, but there  
8           are one or two other issues I want to  
9           update you on. One being the pending  
10          review of Wynn Resorts suitability. So the  
11          Investigations Enforcement Bureau has  
12          reported to me that they are entering their  
13          final stage of their investigation.

14                   As many of you have likely seen from  
15          recently released reports, Wynn Resorts has  
16          announced a completion of their independent  
17          review by the board's special committee.  
18          We have repeatedly stated from the  
19          beginning that one of the four primary  
20          elements of the IEB's review centers on an  
21          assessment of Wynn Resorts, and the board's  
22          response to the findings of its independent  
23          review.

24                   Investigators will now review and

1 evaluate this additional information and  
2 expect to conclude their work by the end of  
3 this month. Once the IEB's investigation  
4 is complete, we'll turn our attention to  
5 the Commissioners' preparation and finalize  
6 the format and logistics required for  
7 public presentation of the findings. So  
8 that's an update on the one thing beyond  
9 MGM.

10 CHAIRMAN CROSBY: Great. I just  
11 want to through you, Director, to thank the  
12 IEB. I don't see anybody. Well, maybe  
13 some people are here from the IEB. We put  
14 a huge complicated nuance, important task  
15 on them even as we had a huge complicated  
16 task of opening the MGM Resort, staffing up  
17 dozens of people and so on and so forth,  
18 and that they've been able to do this I  
19 trust with their standard professionalism  
20 and to do it on schedule even as we are on  
21 schedule and ready to open MGM, I just  
22 wanted to thank them and point that out  
23 through you.

24 I believe, I don't think you said

1           this explicitly, but I think the plan is  
2           that we will hope to have our public  
3           meeting where we will present and discuss  
4           the investigation next month, right,  
5           sometime in September.

6                     MR. BEDROSIAN: I would say that's  
7           what our goal is with all the caveats as  
8           the Commissioners would know about  
9           investigations. But, yes, I think that's  
10          our goal.

11                    CHAIRMAN CROSBY: Great. Anything  
12          else?

13                    MR. BEDROSIAN: Now we can turn to  
14          the task that's most directly in front of  
15          us, which is MGM. Before I turn it over on  
16          an issue regarding the iconic sign, just an  
17          update in what is happening in the next ten  
18          days. MGM has their own internal test day  
19          afternoon. That's for their own internal  
20          consumption. They'll have their employees  
21          on the gaming floor, and they will be  
22          evaluating themselves. We will have people  
23          there to observe.

24                    More importantly, the 16th and 20th

1           are two formal evaluation times where we  
2           will have people -- there will be invited  
3           guests, and we will have people there. We  
4           will do formal evaluations of how things  
5           are going on the floor and have meetings  
6           with MGM afterwards and discussions if  
7           there are any issues that need to be  
8           corrected.

9                     Assuming, and Commissioner Stebbins  
10           will have the pleasure of some late nights  
11           I think, assuming everything goes well, and  
12           we do assume that, there would be a  
13           temporary certificate of operations issued  
14           sometime between the 20th and 23rd with, as  
15           you know, a press conference on the 23rd  
16           and a VIP evening, and then the official  
17           opening on the 24th so...

18                    CHAIRMAN CROSBY: With the  
19           Clydesdale.

20                    MR. BEDROSIAN: It's hard to  
21           believe, but that's the next ten days. I  
22           think, we'll have a strong number of staff  
23           out there working. They have been working.  
24           There will be some long nights, long days

1           for staff. And just as our IEB doing the  
2           Wynn review, we've had a lot folks who have  
3           kept their eye on the ball on this, so I  
4           would want to thank them because they've  
5           worked incredibly hard. And so far, and  
6           I'm knocking on fake wood here, it's been  
7           relatively smooth, so I do want to thank  
8           them for that.

9                       Having said that, these things don't  
10          go without some issues. One of the issues  
11          that has sort of popped up is some of the  
12          signage, which I will then turn it over to  
13          Ombudsman Ziemba.

14                   MR. ZIEMBA: Good morning,  
15          Mr. Chairman, Commissioners. So today's  
16          issue relates to the iconic sign that MGM  
17          is operating on its garage. As you are  
18          aware, the commission on numerous occasions  
19          has reviewed plans for the signs and has  
20          expressed that certain times some concerns  
21          relative to the operation of that sign.

22                   As we all know, that there has been  
23          an ongoing concern with distracted driving  
24          throughout the United States, and most



1 recently specifically with the growth of  
2 the use of phones for texting and others  
3 that has become a substantial concern. But  
4 today's issue relates to the use of  
5 advertising alongside I-91. Here I wanted  
6 to just provide the general context of the  
7 regulations that apply or don't apply in  
8 this instance to the sign that faces I-91.

9 MGM will provide a little bit more  
10 detail about what they're proposing for the  
11 use of that sign, and they have some video  
12 showing their use, and they also have some  
13 video showing what that sign looks like  
14 from various vantage points on I-91. But  
15 let me just first give you a little bit of  
16 a background regarding how these signs are  
17 regulated both at the federal level, state  
18 level and also at the local level.

19 By agreements with the federal  
20 government through the Federal Highway  
21 Administration, states have agreements to  
22 regulate signs that promote advertising  
23 adjacent to national highways, and let me  
24 just give you a little background as it was

1 provided in a summary through a Federal  
2 Highway Memorandum in 2007.

3 It relates to the Highway  
4 Beautification Act, which was passed way  
5 back when in the early '60s, I think. And  
6 what this summary says is that the HBA, HBA  
7 requires states to maintain effective  
8 control of outdoor advertising adjacent to  
9 certain control groups. The reasonable,  
10 orderly and effective display of outdoor  
11 advertising is permitted and zoned or  
12 unzoned commercial or industrial areas,  
13 signs, displays and devices whose size,  
14 lighting and spacing are consistent with  
15 customary use determined by agreement  
16 between the several states and the  
17 secretary may be erected and maintained in  
18 these areas. Most of these agreements  
19 between the states and the secretary that  
20 determine the size lighting and spacing of  
21 conforming signs were signed in the late  
22 '60s and early '70s.

23 So after many of these agreements  
24 were formed, the US government tried to

1           rationalize how all of these electronic  
2           signs were being regulated among the  
3           various states. And in 2007, they issued  
4           some guidance to the states providing some  
5           recommendations on how those should be  
6           regulated by the states noting that it is  
7           up to the states to do the effective  
8           control of that advertising.

9                     In that report, they did recommend  
10           an eight second minimum change time between  
11           images that appear on electronic signs, and  
12           there were also recommendations included in  
13           that guidance against moving images or  
14           movies on the sides of highways.

15                    Now, there is a difference -- what  
16           we've included in your packet -- we  
17           included most these of these materials in  
18           your packet. But what I'm referring to now  
19           is off-site advertising. There is a  
20           difference between off-site advertising and  
21           on-site advertising. Off-site advertising  
22           is basically what you can imagine it is.  
23           You have a billboard that promotes  
24           businesses or organizations that are not

1 necessarily on the premises of the  
2 particular sign. And they are really meant  
3 as true advertising.

4 So the federal guidance relates to  
5 those off-site advertising signs, and  
6 that's what generally the states regulate.  
7 If you take a look at all of the states,  
8 they generally have some pretty  
9 standardized rules similar to that eight  
10 second no moving image rules that apply to  
11 all of those sort of outdoor advertising  
12 devices.

13 On top of that, there is also local  
14 regulation. Local regulations through  
15 their zoning codes can apply different  
16 standards to those signs, and indeed  
17 Springfield did include some measures that  
18 regulate the use of the MGM sign. What  
19 Springfield did a little while ago, I think  
20 it was back in 2016, they included two  
21 different provisions.

22 And one they required a report from  
23 a licensed professional to come and opine  
24 on the use of the sign. And, secondly,

1           they called for the ability to study the  
2           sign after it is operational, and then the  
3           city council retained the ability to  
4           provide additional conditions on that sign  
5           on a number of different categories,  
6           including moving images. The report --

7                   CHAIRMAN CROSBY: John, can I just  
8           get this straight because I wasn't sure on  
9           this. So the Springfield government has  
10          said it would be okay with them to open up  
11          with moving images after you've had a study  
12          done and after it's been running for a  
13          while, we would then reconsider whether  
14          we'll let you continue to run moving  
15          images.

16                   MR. ZIEMBA: That's exactly right.

17                   CHAIRMAN CROSBY: So they have  
18          essentially approved moving images subject  
19          to a subsequent analysis.

20                   MR. ZIEMBA: That's exactly right.  
21          That is exactly right. That is where we  
22          stand today. So after the initial  
23          requirements are passed by the City of  
24          Springfield, MGM did conduct that study.

1 That study is included in your book. And  
2 in contrast to the study that was directly  
3 related to the particular sign, the study  
4 was more of a compendium of studies.

5 And, in essence, the major findings  
6 of the study that is included is that from  
7 a statistical vantage point that they  
8 couldn't demonstrate safety impacts as a  
9 result of electronic signs. But I will  
10 relate one thing included in that report  
11 that relates directly to moving images. So  
12 if you pull up the BHB memorandum, which is  
13 the bureau memo.

14 COMMISSIONER CAMERON: Page number?

15 MR. ZIEMBA: Page number two  
16 highlighted at the bottom with the green  
17 marker. That study said, during the  
18 literature review, BHB conducted a  
19 literature review as of the time of the  
20 report. And they said, during the  
21 literature review, it was also noted that  
22 the off-site billboard industry has  
23 voluntarily chosen to adopt practices that  
24 minimize driver distraction. For example,

1           most off-site billboards display static  
2           images and retain the same image for at  
3           least eight seconds.

4                     This serves two purposes. First,  
5           the driver needs to only take a brief  
6           glance to be able to absorb the information  
7           as opposed to a video image that would  
8           invite a lengthy look from a driver;  
9           second, the driver will eventually become  
10          accustomed to the message being displayed  
11          for eight seconds or more on electronic  
12          billboards and will understand that there  
13          is no need to attempt to read the billboard  
14          during a complex driving maneuver, e.g.  
15          lane change, out of fear that the message  
16          will be missed. Instead, the driver can  
17          plan a glance based on the traffic  
18          conditions knowing the message will be  
19          displayed for a reasonable amount of time.

20                    COMMISSIONER ZUNIGA: John, you  
21          mentioned the off-site. Were you going --  
22          are there different guidance for on-site,  
23          which appears to me this is what we have  
24          here.

1                   MR. ZIEMBA: So this appears to be  
2                   on-site. We have a memorandum from MGM  
3                   Springfield's outside counsel that notes  
4                   that this is an on-site premise sign, on  
5                   premise sign because it is not effectively  
6                   advertising for other businesses. They do  
7                   note some exceptions in their memorandum.  
8                   So, indeed, so this would not necessarily  
9                   fall within the rubric of the state  
10                  regulation for off-site premises of the  
11                  signs.

12                 The state regulation does call for a  
13                 ten second minimum threshold for changeable  
14                 signs. But, arguably, based on that  
15                 memorandum, this is outside of that state  
16                 rubric. So we would fall within the  
17                 Springfield regulation, unless the  
18                 Commission wants to consider other actions  
19                 based on potential distraction that may be  
20                 caused.

21                 One thing I will mention is that the  
22                 standard that is utilized in the industry  
23                 for driver distraction is two seconds, that  
24                 you don't want to have anything that causes



1 more than two seconds worth of distraction  
2 or else it could pose a danger on the  
3 highway.

4 COMMISSIONER ZUNIGA: So are there  
5 no on-site rubrics as you say?

6 MR. ZIEMBA: That is correct. To  
7 the best of our knowledge, there is no  
8 state regulation regarding on-site  
9 advertising that is applicable here that  
10 would be solely related to the Springfield  
11 jurisdiction. One thing I will mention is  
12 that there were a couple of examples that  
13 were mentioned in the report.

14 First of all, the report does  
15 summarize a number of different outside  
16 studies that show that there is an impact  
17 from electronic advertising, in general,  
18 that it does pose a safety concern. It  
19 also noted in numerous other studies that  
20 it said that there should be no real  
21 concern from electronic billboards. But  
22 there were two examples in here of  
23 Massachusetts based signs that provide an  
24 example.

1                   There is one in Springfield at the  
2                   Basketball Hall of Fame and then there is  
3                   one, which is the WGBH building. I drive  
4                   past that almost every single day. And  
5                   when it was first authorized that there was  
6                   an agreement between the local residence,  
7                   the Boston Redevelopment Authority and, I  
8                   believe, the turnpike authority based on  
9                   public reports that limited the use of that  
10                  sign and restricted moving images on that  
11                  sign.

12                 I will note that I have seen at  
13                 least once or twice over the last year or  
14                 so that the sign has moved. Indeed today  
15                 it was moving quite a bit, but I just  
16                 mention that as the context that there is  
17                 some careful deliberations at the time  
18                 between all of these various entities to  
19                 try to promote safety of that sign.

20                 And that was an example of one of  
21                 the signs that is demonstrative of safety  
22                 in the VHP report. And they also reference  
23                 that there really has not been any  
24                 significant assemblage of accidents that

1           resulted from that sign, but partially that  
2           could relate to the fact that it is not  
3           really been a dynamic sign for the most  
4           part over that period of years.

5           COMMISSIONER CAMERON: So there was  
6           an agreement. It is under regulation by  
7           those three groups; is that right?

8           MR. ZIEMBA: So, I believe, that it  
9           is guided by the Boston Redevelopment  
10          Authority, basically their local zoning. I  
11          took a look at their 2004 report, and that  
12          referenced a side agreement between the  
13          Boston Redevelopment Authority and WGBH.  
14          And as of yet, I have not been able to get  
15          that memorandum, which spells out the  
16          specific details. But what was publicly  
17          reported at the time is that it had some  
18          very, very concrete requirements in it.

19          In one report that I read, it says,  
20          the WGBH mural displays at most three still  
21          images and sequences over a 30 second time  
22          frame. We wanted, according to the station  
23          director at the time, they wanted it to be  
24          slow from the beginning. The images do not

1 contain wording or phone numbers to keep  
2 driver distraction to a minimum given there  
3 is half a million vehicles that pass by it  
4 weekly.

5 COMMISSIONER CAMERON: So a 30  
6 second time frame.

7 MR. ZIEMBA: Yes. So, basically,  
8 that's consistent with the national  
9 standards if you multiply eight by three,  
10 that's the 30 second time frame. But,  
11 again, I have seen that move.

12 CHAIRMAN CROSBY: They now do have  
13 moving video.

14 MR. ZIEMBA: As of today was the  
15 most visible moving video that I have seen  
16 in six years. But, I think, I saw a flower  
17 grow once. As you've seen those sort of  
18 slow motion flowers grow, I think I saw  
19 that once maybe about a year ago. I know  
20 that's anecdotal but...

21 COMMISSIONER ZUNIGA: But this is an  
22 example because of the same reasons that  
23 it's also promoting on-site, it's on-site  
24 of -- it's promoting the business of the

1 building. It's not promoting any other  
2 things, is it?

3 MR. ZIEMBA: That's correct.

4 COMMISSIONER ZUNIGA: As well as the  
5 Basketball Hall of Fame, it promotes the  
6 Basketball Hall of Fame, not any other  
7 advertising.

8 MR. ZIEMBA: That's correct.

9 COMMISSIONER ZUNIGA: So it all  
10 falls under the same rubric, as you say,  
11 the agreement with the local jurisdiction.

12 MR. ZIEMBA: Yes.

13 COMMISSIONER CAMERON: And the  
14 Basketball Hall of Fame, I've seen the sign  
15 and saw it again. It's very small. It's  
16 not the large sign that we're talking about  
17 here.

18 CHAIRMAN CROSBY: Does that have  
19 moving stuff?

20 COMMISSIONER CAMERON: It has some  
21 limited -- my understanding is it has  
22 some -- and we have been talking about this  
23 trying to do our research. It has some  
24 movement. Again, it's narrow and the size

1 is what, maybe --

2 MR. ZIEMBA: Maybe it's one quarter  
3 of the size of the MGM sign potentially.

4 COMMISSIONER ZUNIGA: You also  
5 mentioned that this study, which we have  
6 seen before, was commissioned by the city  
7 or -- by MGM required by the city.

8 MR. ZIEMBA: It was required by the  
9 city, commissioned by MGM.

10 COMMISSIONER ZUNIGA: Commissioned  
11 by MGM. And you characterized it as, I  
12 think, appropriately as a compendium of  
13 studies. Was that the scope of the study  
14 in the eyes of the city?

15 MR. ZIEMBA: Well, I believe, the  
16 city was satisfied with the scope of the  
17 study, but I'll just read specifically from  
18 the language of the memorandum. If you  
19 take a look at the City of Springfield site  
20 plan review, it said that the petitioner  
21 shall provide a report to the Office of  
22 Planning and Economic Development from a  
23 transportation professional experienced and  
24 this is on page -- it's in the thing. In

1 the field of traffic study impacts per  
2 Article 8, Section 8.575C.

3 The report shall set forth an  
4 opinion as to whether or not the operation  
5 of the sign would meet safety standards and  
6 include the basis for such opinion,  
7 specifically reviewing any adverse effects  
8 of highway traffic flow and safety with  
9 regard to distraction from animation,  
10 brightness or the size of the signs. This  
11 report shall be submitted to the OPED in  
12 review prior to the issuance of the sign  
13 permit.

14 COMMISSIONER ZUNIGA: So does the  
15 report issue that opinion?

16 MR. ZIEMBA: Well, I'll leave it to  
17 the MGM Springfield folks to detail that,  
18 but it certainly does talk about animation  
19 in one section, and it talks about more of  
20 the general compendium of studies, which  
21 is, as I mentioned, go back and forth. But  
22 I think what they -- what the consultant  
23 that issued the report issued that final  
24 finding that based on statistics that there

1           was no way to demonstratively demonstrate  
2           the safety impacts as a result of the  
3           statistical planning perhaps rather than  
4           the specific sign itself.

5                   COMMISSIONER ZUNIGA: Well, I have a  
6           question then to the MGM people. Do you  
7           feel that the report expresses the opinion  
8           that was required here as part of the site  
9           plan with you?

10                   MR. STRATTON: Commissioners, we do.  
11           I mean, the language in the site plan  
12           review -- I was involved in retaining the  
13           expert and had several discussions with VHP  
14           on this. The language that was used around  
15           an opinion on -- it was hard in a vacuum  
16           without the sign being constructed, without  
17           the programming, without being able to  
18           witness the sign itself and see the impact  
19           to formulate a specific opinion about the  
20           safety of that sign in particular.

21                   So in advance in order to get a sign  
22           permit so we can build it, the only thing  
23           that the expert was left with was, well,  
24           what's out there, literature review, what



1 are statistics, what do you understand is  
2 being proposed and compare it.

3 So, I think, they provided the best  
4 opinion they could at the time with the  
5 information available. And, I think, one  
6 important point, in that same site plan  
7 review, we were talking about the sign  
8 pre-permit but there is also language in  
9 that approval on paragraph D4 that says  
10 that, and I'm reading straight from the  
11 site plan the signage approval by the city,  
12 the same document that we're referencing  
13 the language in, it also requires a review  
14 of the proposed signs solely as the  
15 materials, lighting, moving images,  
16 portability and impacts to abutters and/or  
17 any public ways shall be completed after  
18 the approved signage has been installed and  
19 are operational to determine if any  
20 additional conditions are required.

21 So, I think, that the approval  
22 contemplated that we're going to look at it  
23 in advance to get some information to allow  
24 the permit to issue. And once it's

1 operational, we have an obligation to look  
2 at it and perform some review and be able  
3 to do that specific review using  
4 information available at the time and we  
5 have -- I don't believe it's in the packet,  
6 but we have been working with the City of  
7 Springfield and the city solicitor to come  
8 up with a proposed study to look at the  
9 sign as soon as we turn it on. And then  
10 once traffic normalizes three months out,  
11 in a year out, to look at crash data and  
12 look at the operation of the sign to do  
13 that analysis.

14 So, I think, it's a two-part  
15 analysis is that, does the literature show  
16 that it's a problem to prevent issuance of  
17 the permit? The answer is no. The city  
18 was comfortable issuing the permit, and  
19 then we look at the actual sign and perform  
20 some analysis once it's operational is  
21 what, I believe, was contemplated and what  
22 we're prepared to do.

23 COMMISSIONER ZUNIGA: So in other  
24 words, there be an update to study if --

1                   MR. STRATTON: I've been working  
2                   with TDC, who is our traffic consultant,  
3                   and we have a proposal that they just  
4                   provided an outline. We haven't engaged  
5                   them yet, but we have a proposal of that  
6                   study, which we're prepared to move as soon  
7                   as we turn the sign on before we open in  
8                   the next week to get some baseline  
9                   information and then look at it once we --

10                  So the time period that they propose  
11                  is suggest the time period for data  
12                  evaluation post-MGM opening -- post-MGM  
13                  opening a six-month period from roughly  
14                  12/1/2018 to 5/31/2019 that allows for the  
15                  grand opening of traffic volumes to  
16                  normalize, a pre-MGM opening analysis  
17                  seven-day period from 8/15 to 8/22 to  
18                  evaluate operations following illumination  
19                  of the sign, and then they're going to look  
20                  at pre-viaduct reconstruction. They can  
21                  look at historic crash data, a six-month  
22                  window from 12/1/2014 to May 31, 2015 that  
23                  coincides with the same seasonal time  
24                  period to evaluate.

1                   So they'll have three snapshots to  
2                   look at crash data and evaluate whether  
3                   there is any impact resulting from the  
4                   sign. So we have that process underway to  
5                   engage in that study.

6                   COMMISSIONER ZUNIGA: I'm sorry for  
7                   asking a fundamental question. But then  
8                   why would we have jurisdiction over this?  
9                   We're contemplating a vote here. But what  
10                  would we be voting on if according to some  
11                  of these arguments, I guess, it fell under  
12                  the jurisdiction of the city and it appears  
13                  that they will study it afterwards like the  
14                  site plan review contemplated if all of  
15                  that logic falls --

16                  MS. BLUE: No, I think that's  
17                  correct. I think there are many items that  
18                  we've talked about in the past where both  
19                  the commission and the city have  
20                  jurisdiction over those items for  
21                  potentially different reasons. You, as the  
22                  person who approves the final design and  
23                  the final opening, could weigh in on the  
24                  sign if you felt that was something you

1           wanted to do.

2                   I think what we're trying to do is  
3           present to you where that discussion stands  
4           now so that you can determine if you want  
5           to take action on it. But as the person  
6           who issues the final certificate to open,  
7           you do have a say in something like the  
8           sign.

9                   CHAIRMAN CROSBY: But our say could  
10          be we'll leave it up to the city. We don't  
11          have to make a yes or a no.

12                  MS. BLUE: Yes, that's correct.

13                  CHAIRMAN CROSBY: Were you finished,  
14          John? Unless somebody wants to jump in --

15                  COMMISSIONER CAMERON: I'm going to  
16          hold until after the presentation, and then  
17          hold my questions til then.

18                  CHAIRMAN CROSBY: Bruce, did you  
19          want to say something?

20                  COMMISSIONER STEBBINS: Yes. Let me  
21          just have a quick question before we move  
22          to the presentations. The BHB memo that's  
23          included in the packet, on page one under  
24          the City of Springfield zoning code, the

1           last sentence in the last paragraph says,  
2           the provisions of the zoning code aim to  
3           allow outdoor advertising signs that can be  
4           used in a way that communicates important  
5           information about MGM Springfield and its  
6           special events while not needlessly drawing  
7           a driver's attention away from the critical  
8           driving task. Is that kind of -- is what  
9           VHB saying reflective of what you feel the  
10          agreement is with the city and the city  
11          council and the permits?

12                 MR. STRATTON: Yes, and -- sorry,  
13           the answer is yes. And, I think, when you  
14           see the presentation of the video, which  
15           Michael will walk us through, you will see  
16           that there are certainly ways we could  
17           utilize animation and video in a way that  
18           could probably call more attention to our  
19           project and be more distracting. I think  
20           you'll find that it's -- and, I think, some  
21           of you saw it on the front side of the  
22           property when you were out there. But I  
23           think that you'll find that it's tasteful,  
24           not highly distracting but is a way in this

1 modern era where people are used to moving  
2 images all the time to entertain folks and  
3 get their attention.

4 I mean, the point -- we have  
5 conflicting goals here. The point of the  
6 sign is to get someone's attention and look  
7 at the information on the sign, but we want  
8 to do it in a way that's balanced and  
9 doesn't needlessly distract. And, I think,  
10 we've struck that balance and as you'll see  
11 in the video that we present.

12 COMMISSIONER CAMERON: I'm sorry,  
13 did you just say you wanted to entertain  
14 folks? I don't know if I heard the first  
15 part of your comment.

16 MR. STRATTON: Yes, I mean, part  
17 of --

18 COMMISSIONER CAMERON: You want to  
19 entertain folks while they're driving?

20 MR. STRATTON: We're an  
21 entertainment company. We want to reflect  
22 that there is entertainment at the property  
23 and an entertaining sign, it's all about  
24 entertainment. Now, you can be

1           entertained, I believe, and not be  
2           distracted. And that's what goes to the  
3           balance --

4                   COMMISSIONER CAMERON: I actually  
5           never heard anyone talk about being  
6           entertained while they drive, but I hear  
7           what you're saying.

8                   MR. MATHIS: Commissioners, if I can  
9           just add, and I think going through  
10          simulation will be helpful. I think you  
11          saw it all live out at the resort is I  
12          would suggest to you that there is static  
13          signs that can be very distracting, and  
14          that there is video dynamic signage that  
15          can be less distracting. So, I think, the  
16          actual content is important. I know you  
17          don't want to be the police of our content.  
18          I don't think that's workable.

19                   So some of this is, as we've  
20          discussed in prior hearings, a little bit  
21          of trust in us as operators that have done  
22          this in many different venues across the  
23          world on our judgment to safeguard and to  
24          strike that right balance.



1               Seth is right. The point of a sign  
2               is to get someone's attention, but not so  
3               much so that they have an accident. That  
4               doesn't help us to have I-91 clogged up  
5               with accidents beyond what we might do to  
6               our customers, our employees, our community  
7               residents.

8               So I came down here because this is  
9               a really important issue for us, and we can  
10              talk about it at the conclusion. But I  
11              respect Ombudsman Ziemba's concern around  
12              this. I know it comes from a sincere  
13              concern about public safety. But  
14              everything out about our project is wow,  
15              and I just wanted to make sure that  
16              consistent with that that we were making a  
17              case for what we think is an appropriate  
18              sign but also reflects the standards of our  
19              resort and the best in class uses of  
20              signage as part of the experience.

21              CHAIRMAN CROSBY: Are you finished,  
22              John, to go to the presentation?

23              MR. ZIEMBA: Yes, I think that will  
24              be useful.

1 CHAIRMAN CROSBY: So you're passing  
2 the ball to Mike?

3 MR. ZIEMBA: Mm-hmm.

4 MR. STRATTON: Yeah. And I'll just  
5 really briefly set it up. We talked about  
6 a lot of this already. But back in March,  
7 our March update, we walked through this  
8 issue and we had explained to you where  
9 it stood then and what our status next  
10 steps were. And, so, we talked about this  
11 sign being exempt generally from MassDOT  
12 jurisdiction, within the jurisdiction of  
13 the city, the city council approval  
14 conditioned on the submission of the  
15 report, which we discussed here today. We  
16 submitted that report. The signed permit  
17 was issued.

18 So at the time in March, you know,  
19 when we talk about the status and next  
20 steps, we talk about completion of the sign  
21 infrastructure. That is now complete. We  
22 talked about the issuance of the city sign  
23 permit. That has been issued. We  
24 discussed that the digital sign would be in

1 place by July of 2018. The digital sign is  
2 in place, and that the programming was to  
3 be determined. We will show you in a  
4 moment the programming. And that if  
5 subject to further city review, once the  
6 sign is operational to determine whether  
7 additional conditions are required.

8 We've been working collaboratively  
9 with the city. We've kept Mr. Ziemba, Mr.  
10 Delaney in the loop on what that review  
11 looks like, the scope of the study, the  
12 information we would gather, and that's  
13 what I discussed here today with engaging  
14 TEC to look at data once it's operational,  
15 look at the start data and look at the  
16 future data and do that analysis to  
17 determine whether additional conditions are  
18 required.

19 So, I think, we've followed those  
20 next steps as we discussed several months  
21 ago here. And with that, I'll turn it over  
22 to Mike to review with you the programming  
23 and how we see this sign operating and  
24 benefiting the project.

1                   MR. MATHIS: Thanks, Seth. Mike,  
2                   can you play? This is a view direct on of  
3                   our iconic sign. It is a combination of  
4                   dynamic video, animation as well as stills.  
5                   So, I think, when you saw it at the resort  
6                   on the plaza side, you had a sense of how  
7                   the content would mix. It would be a  
8                   combination of statics that, I think,  
9                   followed the eight second rule mixed in  
10                  with an occasional video dynamic.

11                 As you look at this shot, I want to  
12                 follow it up with a video of what it  
13                 actually feels like to drive up 91, because  
14                 you don't really have this direct view.  
15                 This is just for your ability to look at  
16                 the content head-on, but that is not the  
17                 view that you have driving, which I think  
18                 is impactful.

19                 CHAIRMAN CROSBY: Is there, in your  
20                 programming, is there a limit for the  
21                 length of the moving video? These little  
22                 clips here are quite short. Is there a  
23                 limit?

24                 MR. MATHIS: None that we've imposed

1 intentionally, but that's just part of our  
2 creative process to do short video clips.  
3 So if that piece of it is important, we can  
4 certainly discuss it and maybe codify that.

5 CHAIRMAN CROSBY: I hadn't really  
6 thought about it until just watching this,  
7 but these video clips that I have seen so  
8 far is so short. This one is actually  
9 slightly longer.

10 MR. MATHIS: Yeah, I think that  
11 motorcycle one is the longest.

12 CHAIRMAN CROSBY: It actually -- it  
13 doesn't take much longer than it does to  
14 just look at a big billboard. Maybe it  
15 would be a lot more -- I've been wrestling  
16 with this thing all along, and I still am.  
17 But it would be a lot more challenging if  
18 the video went on while you drove all they  
19 way by and went past.

20 So from my standpoint, if we decide  
21 to either don't take a position or do  
22 something in favor limiting it to these  
23 short little things is material just as I  
24 watch it now.

1                   MR. MATHIS: We're happy to  
2 voluntarily commit to programming it  
3 consistent with these durations if that  
4 gives you some comfort. That's what we  
5 would do practically anyway. But if you're  
6 looking for a commitment to do that, we're  
7 happy to do that. If I can, I just want to  
8 show you the actual drive up.

9                   In some ways, this is even less  
10 dramatic than the WGBH sign we've been  
11 talking about because that sign, as you  
12 know, is perfectly perpendicular and you  
13 see that sign all the way up the pike.  
14 This one as you approach our resort is  
15 running parallel to the drive. In fact,  
16 you almost miss it, which is a little bit  
17 of the reason we want some interesting  
18 content on is to the right there. You may  
19 have to replay it, because you may have  
20 missed it.

21                  COMMISSIONER CAMERON: Isn't that  
22 part of issue is it will be something that  
23 someone will turn their head to look at,  
24 because it is really inviting and something

1           that isn't common here. I realize it's  
2           common in Las Vegas, but it's just not  
3           common to drivers here. I almost have more  
4           concern because of this.

5                   MR. MATHIS: I'm not a traffic  
6           expert. As I know, none of us are on this.  
7           There's a few different ways to look at it.  
8           I would suggest to you if you had video  
9           staring at you for the whole drive up, that  
10          could potentially take your gaze away for  
11          more than the two seconds we talked about.  
12          Going 60, 70 miles an hour and making that  
13          turn that you described wouldn't last more  
14          than two seconds by its very nature.

15                   COMMISSIONER CAMERON: We would  
16          hope.

17                   MR. MATHIS: We would hope. But  
18          this is not precedent setting, as we've  
19          talk about in the past. We do this on the  
20          Las Vegas strip, and I know that's not  
21          conclusive. We do it on the I-15 highway  
22          on the back of the strip, and it's not even  
23          precedent setting within the Commonwealth.

24                   As I said this morning, we came up

1 the pike, Seth and I, and WGBH sign had  
2 crashing waves against the shoreline that  
3 was staring at us all the way up. The most  
4 distracting part of it was us feverishly  
5 trying to grab a video clip to show the  
6 Commission.

7 COMMISSIONER CAMERON: But after  
8 many, many years of having the sign there  
9 that people are accustomed to that sign  
10 now, I think, is part of the issue here.

11 COMMISSIONER ZUNIGA: Well, it  
12 starts somewhere, WGBH, right?

13 COMMISSIONER CAMERON: Without  
14 any -- very static. The agreement was to  
15 have static when that sign opened. How  
16 many years? Many years, John. We talked  
17 about that.

18 MR. ZIEMBA: 2007.

19 CHAIRMAN CROSBY: What do you have  
20 on I-15?

21 MR. MATHIS: We have dynamic signage  
22 on the back of the Mandalay Bay and some of  
23 our other resorts, for example, I think  
24 there is a shark tank. We have the shark



1 tank, which is world famous aquarium and it  
2 has the shark swimming through the water,  
3 for example. So I task my folks in Clark  
4 County that work with Clark County on the  
5 development side, we have extremely dynamic  
6 signage on the Las Vegas Boulevard,  
7 including one of the neatest signs I've  
8 ever saw is from one of our competitors,  
9 Wynn, and I know Bob is here that can talk  
10 about this, that has a moving bar that  
11 actually goes up and down mechanically and  
12 reveals video as it moves, but that's on  
13 the Las Vegas strip.

14 And I wanted to make sure that from  
15 a highway perspective, which I know is a  
16 little bit different because you're moving  
17 faster, we also have the same thing on I-15  
18 which sees, you know, millions and millions  
19 of cars each year as busy as I-91, and we  
20 have video on the back of those ginormous,  
21 very large screens as well.

22 So there's precedent in our  
23 industry, and they continue to approve them  
24 in Clark County. There's also precedent

1           now in the Commonwealth. So with ten days  
2           left, we're obviously really judicious  
3           about our time and the kinds of things that  
4           we want to talk to you about.

5                     But I was walking the property, I  
6           think, three days ago and a construction  
7           worker stopped me and said, Mr. Mathis, I  
8           just have to let you know, because they  
9           were working in the plaza and seeing the  
10          signage that you saw that there is  
11          something wrong with your loop. The  
12          highway doesn't have any of that -- any of  
13          this material that we are seeing in the  
14          plaza, and the public should see it. It's  
15          great. It just looks like a billboard out  
16          there. And that's what really concerns me  
17          is anybody that feels like anything is just  
18          at our property.

19                    We've got really creative folks that  
20          provided, I think, really interesting  
21          content that highlights all the non -- as  
22          you saw, there's bowling highlighted there,  
23          Indian Motorcycle. It's all the great  
24          non-gaming retail that we've always bragged

1 about and want to get people excited about,  
2 and it's not just gaming.

3 So we have the highest standards in  
4 everything we do, and that includes signage  
5 and marketing. And, I think, this package  
6 that we presented to you is reflective of  
7 that, and I wanted to fight for it.

8 COMMISSIONER STEBBINS: Mike, are  
9 you aware of what signage you might be  
10 have, MGM employees in Detroit? I always  
11 kind of closely relate the Springfield  
12 project to your project in Detroit. Do you  
13 happen to have an idea of what signage?

14 MR. MATHIS: We didn't look at that.  
15 I think part of the distinction of Detroit  
16 is it's on the surface streets, and not  
17 directly on the highway. So that's why I  
18 try to draw analogies to I-15 in Las Vegas  
19 and, again, the WGBH, I thought that would  
20 more relevant. I didn't look at that  
21 jurisdiction. Plus that jurisdiction is a  
22 city by city standard. So, again, that's  
23 why I thought the highway one was more  
24 relevant.

1                   COMMISSIONER CAMERON: I did check  
2                   with New Jersey. Because as you come into  
3                   Atlantic City, all the billboards, they are  
4                   required to utilize state standards there,  
5                   because there are actual billboards coming  
6                   into Atlantic City and they're total  
7                   advertisements for the casinos, but they do  
8                   adhere to the state standards.

9                   COMMISSIONER ZUNIGA: You mean the  
10                  eight second still image standard?

11                 COMMISSIONER CAMERON: Correct.  
12                 Ours is ten. New Jersey is I don't know if  
13                 they use the federal eight standard or if  
14                 they have a different standard, but they  
15                 are required to use state standards.

16                 MR. STRATTON: If I could add up one  
17                 more point because it came up in the  
18                 discussion with the city and TDC. One of  
19                 the opportunities that we missed by not  
20                 turning this on now is the ability to look  
21                 at data when the sign is on dynamic prior  
22                 to our increased traffic that our project  
23                 generates, and that is -- whether that's  
24                 relevant, but that's certainly a data point

1           that City Solicitor Bacula, that would be  
2           important to collect and request that when  
3           we outline our study we look at that.

4                     And in the proposal I have from TDC,  
5           they would certainly look at that to see  
6           because we do expect an increased traffic  
7           flows on 91. And so it is a -- we'll  
8           forever lose the opportunity to look at  
9           preopening impact, if any, and see -- and  
10          that will be a relevant data point to  
11          determine whether, in fact, there is impact  
12          from the sign with lower traffic flows  
13          versus higher traffic flows. So that's one  
14          of the reasons we want to say flip the  
15          switch now, and then be able to look at  
16          that data in the next two weeks.

17                    COMMISSIONER ZUNIGA: But what about  
18          that argument that Commissioner Cameron  
19          makes about the accustomed -- the factor of  
20          getting people used to something that's not  
21          all new, which appears to be the case in  
22          the WGBH example, that they turn it more  
23          dynamic after there's enough familiarity  
24          with the property.

1                   MR. STRATTON: I mean, that is a --  
2                   we understand that point. We think that  
3                   the combination of static with the -- as I  
4                   think when we watch the video showing the  
5                   sign, it was tasteful. I mean, I'm  
6                   advocating for the company. To my view, I  
7                   don't find it distracting. I think that we  
8                   may want to have more wow down the road. I  
9                   think we struck a balance of saying, let's  
10                  early on make it very limited to ensure in  
11                  an abundance of caution that there -- it's  
12                  not distracting. And, so, it's a fair  
13                  point, but we're confident that the wait is  
14                  now as we are preposing it strikes that  
15                  balance.

16                 COMMISSIONER CAMERON: I just have a  
17                 couple of concerns, one being, and the  
18                 Chairman brought this up, he really said we  
19                 don't have any standards, and now I just  
20                 heard we want more wow down the road. So I  
21                 do have a real concern that, you know,  
22                 there are no standards here. You can do as  
23                 much video as you want, and you really  
24                 can't assure us that there is anything

1 built in to keep it safe.

2 I know it's hard to do that. But,  
3 you know, I'm really concerned that the  
4 first three months are when there are so  
5 many people coming, so many people excited,  
6 and we also are invested in you having a  
7 great opening and a couple of major crashes  
8 will not help. So, I guess, I just really  
9 struggle. I typically don't like to, you  
10 know, step on the toes of the city. But I  
11 do have real concerns here about this from  
12 a public safety standpoint.

13 And, I think, a lot of work has been  
14 done by, you know, federal and state  
15 agencies who really understand this  
16 business, and they have standards for a  
17 reason. And I understand this isn't quite  
18 an off site. But even in your own  
19 literature, as John pointed out, you know,  
20 most have done this voluntarily because  
21 they don't want to distract drivers.

22 I actually think if you popped every  
23 eight seconds, it would be very attracting  
24 without having that distraction of a video.

1           It's not something we're accustomed to  
2           here, and I really do have concerns about  
3           the safety, in particular, the first  
4           three months. I'm concerned, okay, we're  
5           going to it study in three months. But if  
6           there's a couple of major crashes in those  
7           three months, that's not the good thing to  
8           open by.

9           CHAIRMAN CROSBY: Are you  
10          suggesting, Commissioner, that you might be  
11          open to doing it after the crunch is over  
12          if we went say pick a date 90 days that at  
13          that point you'd be willing to reconsider?

14          COMMISSIONER CAMERON: I would love  
15          to see, I would love -- again, the study  
16          would be important to me, what happens for  
17          those three months even if it's eight  
18          seconds of a static dynamic display. I  
19          mean, those are impressive. But yet I  
20          really am -- I think the video is  
21          eye-catching and you want to see what  
22          happens, the bowling, it goes up and there  
23          are beers in there and, you know, you just  
24          want to see that. So I do have concerns,



1           and I just think to open it -- to allow it  
2           and then study it is kind of the cart  
3           before the horse here.

4                   COMMISSIONER ZUNIGA: But that's  
5           what the city approved.

6                   COMMISSIONER CAMERON: I understand  
7           that. I understand that but...

8                   CHAIRMAN CROSBY: That's one of the  
9           hard issues for me is that we have  
10          typically been very deferential to the  
11          cities, and I know you respect this as  
12          well. I know you're as torn as we are all  
13          on this. But yesterday I felt like I was  
14          going to vote, if we have -- I'm not even  
15          sure we should really be voting on this in  
16          a way, because the city has more expertise  
17          than we do.

18                   But if we were to make a decision, I  
19          was going to say that I thought, hey, there  
20          is on highway signage, which is not part of  
21          a company, neither any jurisdiction that I  
22          can find, including Nevada, I had John look  
23          up Nevada, or the outdoor advertising board  
24          itself with the exception of entertainment

1 districts in the outdoor advertising board,  
2 which is kind of a strange exception, none  
3 of the potential regulatory agencies or  
4 even the industry association suggests or  
5 permits moving signs.

6 So I was thinking -- okay. So why  
7 would we want to be first here? On the  
8 other hand, there's, as everybody agrees,  
9 there's no evidence affirmatively one way  
10 or the other or if there is mixed evidence  
11 both ways, there is no way that you can  
12 draw a conclusion as to whether this is a  
13 problem or not. And the city is probably  
14 more invested in it than we are. They are  
15 the ones who approved it. They're going to  
16 take more flak than we are if there's an  
17 issue. They approved it with a study.

18 So now I'm thinking, you know --  
19 and, honestly, for what it's worth to the  
20 extent that you're one's own judge that  
21 makes any difference, you know, it doesn't  
22 strike me as anymore distracting than some  
23 of those incredible big digital signs on  
24 the southeast expressway.

1                   So I end up -- and there is the  
2                   press, which is worth something, you know,  
3                   that regulatory agencies around here and  
4                   the communities apparently, even BRA, don't  
5                   have their air on fire because of the  
6                   evolution of the GBH thing. So I kind of  
7                   lean all things considered to supporting  
8                   the city, maybe strengthening it a little  
9                   bit, you know.

10                  I thought two things, one would be  
11                  to permit it only during non-rush hours,  
12                  but also to make sure -- but, I think,  
13                  there are deadlines in calling for the  
14                  studies, but I kind of lean towards given  
15                  the complete paucity of any data one way or  
16                  the other, and that we are all just using  
17                  our sort of commonsense and anecdotal  
18                  experience that we probably ought to go  
19                  with the city, and let them figure it out.

20                  COMMISSIONER CAMERON: I think the  
21                  city has a lot expertise, but I don't know  
22                  that highway signage is one of them. I  
23                  think that's the state's expertise, and  
24                  they have clearly weighed in.

1                   COMMISSIONER O'BRIEN: If I could  
2                   just give my thoughts. For me, the  
3                   question of whether this falls under the  
4                   jurisdiction of outdoor advertising or not  
5                   in terms of a public safety question is a  
6                   distinction without difference for me.  
7                   This is sort of a loophole that has been  
8                   out there in terms of regulating on-site  
9                   billboard advertising. To me, I'm informed  
10                  by looking at the industry standards and  
11                  then looking at what are the state  
12                  standards for safety. And with all due  
13                  respect to the city, I do think this is  
14                  more of a highway safety issue.

15                 When you look at the fact that the  
16                 industry says stay away from dynamic and if  
17                 you're going to do them in other  
18                 circumstances, you know, if you're going to  
19                 roll from one static to another, stick with  
20                 between eight to ten.

21                 I had a very different reaction. I  
22                 did think it was a distracting striking  
23                 video, entertaining but distracting. And a  
24                 distinction between this and the GBH sign,

1           in addition to GBH starting slowly, people  
2           getting used to it, it being easier to see  
3           without having to turn, they still don't  
4           have telephone numbers. They still don't  
5           have wording, et cetera. And quite a bit  
6           of yours do, in fact, do that because  
7           you're trying to draw people in.

8                       So on balance to me, I do think we  
9           have jurisdiction in terms of our oversight  
10          of the license and the premises. I think  
11          when you look at industry standards and I  
12          think when you look at what this is doing,  
13          I think in the interest of public safety,  
14          starting slower making sure that three, six  
15          month that even you and the city  
16          acknowledge would not be an appropriate  
17          time to test. Pushing anything over the  
18          bounds to risk any sort of driver  
19          distraction to me is not a prudent choice.

20                      So to the extent that we are voting  
21          in our over jurisdiction that overlaps  
22          somewhat with the city, I would not be  
23          inclined to allow that sign in that  
24          location to have dynamic interest.

1                   CHAIRMAN CROSBY: Just to be clear,  
2                   I don't disagree that we have authority.  
3                   We absolutely have the right to speak to  
4                   this. Whether we want to or not is a  
5                   question but we absolutely have the right,  
6                   no question have the authority. Other  
7                   peoples sort of general comments?

8                   COMMISSIONER STEBBINS: I was  
9                   somewhat concerned obviously reviewing the  
10                  material looking at the two examples that  
11                  they use. What's interesting about the two  
12                  examples that you use is that, I'm not  
13                  familiar with the Clark County signs, but  
14                  the GBH sign on the Hall of Fame side  
15                  actually face the oncoming traffic. I  
16                  think what you showed from the video is you  
17                  really don't have a clear view of what the  
18                  message is on the sign until you're almost  
19                  on top of it.

20                 You know, I would even suspect I'd  
21                 feel differently if there maybe there was  
22                 something along the south side of your  
23                 parking garage that was something that  
24                 somebody had a longer chance to view as

1           they're driving up.

2                   You know, and like the Chairman and  
3           certainly sensitive to this balance between  
4           what the city's authority is and, again,  
5           what our authority is. But I do go back to  
6           what BHB talked about in reviewing the  
7           city's provision is that they definitely  
8           want to allow MGM to provide information  
9           about special events; however, again, they  
10          say, while not needlessly drawing a  
11          driver's attention away from the critical  
12          driving task.

13                   And some of those images to me would  
14          distract me. And, again, a moving image as  
15          I am going by it and it's over to my right  
16          as opposed to right in front of me, I would  
17          consider that a distraction. I certainly  
18          would feel comfortable saying start with  
19          the eight second or ten second intervals  
20          but try not to, again, have a dynamic  
21          message that flashes something or moves  
22          something that might distract a driver as  
23          they are going by.

24                   CHAIRMAN CROSBY: If I were MGM, I'd

1           be sitting there thinking, well, let's  
2           rebuild our sign and make it horizontal,  
3           and they'll be in favor, which seems weird  
4           to me that we would be encouraging them to  
5           put up a big horizontal sign but...

6           COMMISSIONER STEBBINS: But, again,  
7           just going back to the examples they're  
8           sharing, they are not something that's --

9           CHAIRMAN CROSBY: Well, there aren't  
10          any other examples. That's the problem.  
11          There's very little data out there.

12          COMMISSIONER O'BRIEN: Maybe there  
13          is a reason for that, though. You're  
14          talking about driving at high speeds in  
15          vehicles. I mean, that might not be the  
16          best spot for it.

17          CHAIRMAN CROSBY: Mr. Zuniga, do you  
18          have --

19          COMMISSIONER ZUNIGA: I tend to see  
20          the other aspect. I think some of the  
21          moving images, I mean if a wheel is  
22          rotating, I'm sure it's moving but it's not  
23          necessarily, I don't know, creating  
24          something that really distracts. I mean,



1           you can get a glance at a moving wheel or a  
2           bowling ball that's going to get to the end  
3           of a bowling table that happens to have  
4           beers, and you can kind of expect what is  
5           happening.

6                       So I do get the point about if all  
7           we're talking about is the moving image  
8           being what puts us over the edge, I can see  
9           why the content, which is hard to get into  
10          from our perspective, is just a slippery  
11          slope, and I'd rather in that case defer to  
12          the city.

13                      I do see, and you make very  
14          compelling arguments towards safety and  
15          notion of at least perhaps initially to  
16          have some real adherence to the standard to  
17          the extent that we can program and try to  
18          strike that. You can try to strike that  
19          balance between drawing people in and  
20          complying with the standard. And as data  
21          begins to, you know, accumulate or at least  
22          the drivers get accustomed to it, maybe the  
23          issue about being to the side or not is  
24          consequential or not consequential, and we

1           can then have data to go with.

2                       So perhaps in the interest of  
3           consensus, I'll go along with that. I was  
4           initially thinking like you, Mr. Chairman,  
5           that if the city approved this and people  
6           are comfortable with it, I would go along.  
7           But, apparently, there seems to be a  
8           majority emerging already, and I would  
9           rather then encourage MGM to think about  
10          whatever they can do to comply with the  
11          standard as it is and begin to accumulate  
12          data to continue the requirements in the  
13          site plan review.

14                   CHAIRMAN CROSBY: It feels to me  
15          like most of us are fairly close whichever  
16          side of the issue we're on. Would it be  
17          acceptable to if we said let's not permit  
18          it for either 90 days or whenever DOT tells  
19          us traffic is back to its pro-opening  
20          norms. I'm sure they have traffic counts,  
21          and they know when we've gotten through  
22          whatever the Mass. increase. So 90 days or  
23          later if whenever the traffic is back to a  
24          norm. And at that point, we would

1 reconsider this and with no predetermined  
2 outcome but at least a commitment that say  
3 we will take another look at this once  
4 we're through the crunch period.

5 MR. BEDROSIAN: Commissioners, can I  
6 just add one data point? And I feel  
7 compelled to, because I just got this  
8 message from Councilor Bacula, who's a  
9 representative obviously of Springfield,  
10 and I will just say exactly what it says.

11 "I am sending a letter of approval  
12 for the plan. It is being typed now. Our  
13 office of Planning Economic Development is  
14 the approving authority. Ed Bacula, City  
15 Solicitor." It was sent to me at 10:59, so  
16 two minutes ago. Just a data point.  
17 That's all.

18 MR. STRATTON: And if I could, you  
19 know, as we were listening to this  
20 discussion, I certainly, as Mike said, we  
21 fully respect the concerns. We understand  
22 that this is a tricky issue, and I've been  
23 trying to figure out why the gaming  
24 commission and the city seem to be on

1 different pages on this issue.

2 And, I think, the other factor about  
3 this sign that we haven't talked about and  
4 one of the benefits to it is the  
5 revitalization of Springfield, and what  
6 we're doing in Springfield and the desire  
7 to the city to bring people to the area and  
8 have people drive by and feel like there's  
9 a vibe, there's something exciting going on  
10 in Springfield. And, I think, that's part  
11 of what this sign represents and is doing  
12 is somewhat of a beacon to people that come  
13 to Springfield, come experience not only  
14 MGM but what's going on in Springfield.

15 And, I think, that's really why the  
16 city and the folks in the city are  
17 supportive of giving us the opportunity to  
18 do this, because they want to see those  
19 folks come drive by, not necessarily read  
20 the message on the sign but say, wow,  
21 there's something -- we don't see this  
22 anywhere else. We see this in Boston, the  
23 WGGB sign and now we see one in  
24 Springfield. There is something going on

1           here.

2                     And, I think, that is why -- and why  
3           I would suggest deferring to the  
4           jurisdiction of the city to allow us to do  
5           that makes sense and why there is probably  
6           some -- and I know you all want us to be  
7           successful, but I think it represents not  
8           just us but the residents in the community  
9           being excited about bringing people and  
10          feeling like there is something new and  
11          exciting in Springfield. So I just --  
12          that's my opinion on why there is somewhat  
13          of a difference between the city and the  
14          commission on this issue, but I think it's  
15          an important factor.

16                    CHAIRMAN CROSBY: You know, as I  
17          said, I'm very reluctant to override the  
18          city. But I think at this point it looks  
19          like we have probably three people who are  
20          prepared to vote against doing this. Would  
21          one or more of you be acceptable to the  
22          idea of committing that we will rethink  
23          this come either 90 days or whenever the  
24          traffic has hit post-opening norms with no

1 promises simply saying, the worst concern  
2 is that period of time. We will look at  
3 this again in some period of time.

4 COMMISSIONER CAMERON: I think we  
5 certainly can look at it again. I'm just  
6 not sure that three months is enough time  
7 to have enough data. I'm just --

8 CHAIRMAN CROSBY: Data on?

9 COMMISSIONER CAMERON: On the  
10 roadway and crashes, and anything else that  
11 may be going on out there. So I'm just a  
12 little concerned about the time. Not that  
13 I don't want to revisit, but I'm just not  
14 sure. I think the three months only came  
15 from the city. I just don't know. I would  
16 defer to our traffic experts of what the  
17 appropriate amount of time is to study  
18 something like this to have enough data to  
19 be worthwhile.

20 MR. ZIEMBA: Well, I don't know what  
21 that would be. But, I think, that an  
22 important marker that was indicated by MGM  
23 itself was December 1st identified was a  
24 date by which they thought most of the

1 traffic would subside. What would be  
2 necessary after that date would certainly  
3 be an important consideration. But if the  
4 Commission were amenable to doing that, we  
5 could certainly consider something. At  
6 about that time if there's not enough data,  
7 then we could postpone whatever review we  
8 wanted to do if the Commission chooses to  
9 go in that direction.

10 COMMISSIONER CAMERON: That would be  
11 appropriate.

12 CHAIRMAN CROSBY: So we have a  
13 presumption of three months but not an  
14 absolute commitment. Are you okay with  
15 that, Commissioner Zuniga?

16 COMMISSIONER ZUNIGA: Yes, I'm  
17 sorry.

18 CHAIRMAN CROSBY: Commissioner  
19 O'Brien, would you be okay with that?

20 COMMISSIONER O'BRIEN: That's fine.

21 CHAIRMAN CROSBY: Somebody want to  
22 put that into a motion? Commissioner  
23 Zuniga?

24 COMMISSIONER ZUNIGA: I was going to

1 vote against it, so I'd rather not.

2 CHAIRMAN CROSBY: Oh, you're going  
3 to vote against opposing it with the  
4 commitment of rethinking.

5 COMMISSIONER ZUNIGA: Yes.

6 CHAIRMAN CROSBY: Oh, okay. Well, I  
7 was going to go along with everybody here.  
8 So anybody want to frame -- I'm going to  
9 vote in favor of this. Does anybody want  
10 to frame that?

11 COMMISSIONER CAMERON: Or  
12 articulate. Want to do it?

13 COMMISSIONER O'BRIEN: Are we taking  
14 this in stages and saying there's a vote on  
15 the request to go dynamic at present or are  
16 we deferring?

17 CHAIRMAN CROSBY: What I was  
18 suggesting, and we can do whatever we want,  
19 what I was suggesting is that we vote to  
20 not permit the motion sign but also commit  
21 to reconsidering that in 90 days unless for  
22 some reason we decide not to.

23 COMMISSIONER ZUNIGA: If we break  
24 those votes, I'll vote for the second one.



1                   CHAIRMAN CROSBY: Okay, whatever. I  
2                   mean, it looks like if I vote for it, we'll  
3                   win. It will pass if it's one, but we  
4                   might have a consensus if it's -- I don't  
5                   care.

6                   COMMISSIONER O'BRIEN: I'll move,  
7                   and you can tell me whether I'm summarizing  
8                   what you're looking for. Mr. Chair, I  
9                   would move that the Commission deny any  
10                  request to have static movement in the sign  
11                  identified and discussed earlier by the  
12                  representatives of MGM currently present  
13                  without prejudice such that in 90 days we  
14                  can revisit the issue of whether there will  
15                  be dynamic images allowed on the sign  
16                  referenced.

17                  CHAIRMAN CROSBY: That's what I was  
18                  looking for. Thank you.

19                  COMMISSIONER CAMERON: Second.

20                  COMMISSIONER STEBBINS: We want to  
21                  make that 90 days from post-opening.

22                  COMMISSIONER O'BRIEN: 90 days  
23                  post-opening.

24                  CHAIRMAN CROSBY: So I had a second.

1 Further discussion? All in favor?

2 COMMISSIONER CAMERON: Aye.

3 COMMISSIONER O'BRIEN: Aye.

4 COMMISSIONER STEBBINS: Aye.

5 COMMISSIONER ZUNIGA: Aye.

6 CHAIRMAN CROSBY: Aye.

7 COMMISSIONER ZUNIGA: I went along,  
8 yes.

9 CHAIRMAN CROSBY: Opposed is nobody,  
10 so that vote is passed unanimously.

11 MR. BEDROSIAN: And just to clarify,  
12 that was no dynamic movement.

13 COMMISSIONER O'BRIEN: No dynamic.

14 MR. BEDROSIAN: Right.

15 CHAIRMAN CROSBY: We know it's the  
16 vote passed.

17 MR. BEDROSIAN: Right, for the  
18 record. Then, I guess, so the intent of  
19 the Commission then is that they would  
20 follow current standards as they should  
21 follow outdoor advertising highway  
22 standards.

23 CHAIRMAN CROSBY: Which is the eight  
24 seconds?

1 MR. BEDROSIAN: Yes.

2 COMMISSIONER STEBBINS: Which is  
3 what the video followed, I think, that was  
4 changing every eight seconds.

5 CHAIRMAN CROSBY: And whatever the  
6 research -- this is just, you know, casual  
7 but whatever research of usage now, usage  
8 during that 90-day period, whatever  
9 research you think that might be  
10 constructive to help us make decisions,  
11 please -- I know you have been talking to  
12 TDC about doing something, but maybe they  
13 can rethink a methodology that will give  
14 us -- help give us some kind of data that  
15 makes us -- that we can use in our next  
16 round. Okay. Anything else on this topic  
17 or your update?

18 MR. BEDROSIAN: No, thank you.

19 COMMISSIONER CAMERON: Thank you.

20 CHAIRMAN CROSBY: Thank you.

21 MR. ZIEMBA: Thank you.

22 CHAIRMAN CROSBY: I'm going to have  
23 a quick adjournment, and we'll be back.  
24

1 (A recess was taken)

2  
3 CHAIRMAN CROSBY: We're ready to  
4 reconvene public meeting 250 and we are at  
5 Item No. 4, the Investigations and  
6 Enforcement Bureau, Loretta Lillios.

7 MS. LILLIOS: Hi, good morning. The  
8 IEB is here to ask you to consider a  
9 request made by our licensee Plainville  
10 Gaming and Redevelopment and its parent  
11 company, Penn National Gaming.

12 Specifically they have asked the Commission  
13 to grant interim authorization to allow it  
14 to close on October 1st of this year on a  
15 planned real estate transaction.

16 The real estate involved is the real  
17 estate located at the Plainridge Park  
18 Casino, the gaming facility in Plainville.  
19 And you have a report in your packet as  
20 well as chart, chart A, that details the  
21 transaction. There are representatives  
22 from the two parties to the planned  
23 transaction that are here today. Attorney  
24 Albano sitting at the table today

1 represents both parties. We have Frank  
2 Donahue, Justin Sebastiano and Steven  
3 O'Toole from Penn and Brandon Moore from  
4 the other party Gaming and Leisure  
5 Properties, Incorporated.

6 And I would just like to say from  
7 the outset that all of the parties and  
8 these individuals have been extremely  
9 helpful to the IEB over the past couple of  
10 months in their responsiveness and  
11 forthcoming have really assisted us in  
12 understanding the transaction that's  
13 described in your report, and that I'll  
14 touch on this morning.

15 So as detailed in the report, PGR,  
16 our licensee, has entered into a purchase  
17 and sale agreement with Gaming and Leisure  
18 Properties, Incorporated whereby GLPI will  
19 acquire the real estate associated with  
20 PPC, the casino, for \$250 million. And  
21 PGR, our licensee, would then sublease the  
22 property at PPC through subsidiaries as  
23 shown on chart A in your report. And the  
24 subsidiaries are Pinnacle MLS on the Penn

1 side and Gold Merger Sub on the GLPI side.

2 The rent payable under the lease  
3 would be a \$25 million flat rate annually,  
4 and the lease with all of its renewal  
5 options exercised would run to April of  
6 2051. Under this arrangement, PGR would  
7 remain an indirect wholly owned subsidiary  
8 of Penn. PGR would continue to hold the  
9 Category 2 gaming license, and PGR would  
10 continue to be the operator of PPC.

11 Our gaming law requires that this  
12 real estate transaction be approved by the  
13 Commission, and our regulations state that  
14 there are two stages to this approval  
15 process, interim authorization and then  
16 final approval. We're before you now on  
17 the interim authorization piece.

18 The IEB conducted an initial  
19 investigation in accordance with the  
20 regulations. As a first step in this  
21 process, we scoped out the transaction and  
22 identified six entities and six individuals  
23 to go through the qualification process.  
24 That is outlined on pages two and three of

1 the report. Two of the companies that we  
2 identified and five of the six individuals  
3 previously went through the qualification  
4 process with the Commission and were found  
5 suitable before, and this investigation  
6 refreshed those background reviews.

7 A little background on GLPI, which  
8 would be the landlord and purchaser of the  
9 real estate at PPC. GLPI is a publically  
10 traded company known as a real estate  
11 investment trust or a REIT. GLPI was spun  
12 off from Penn National and incorporated in  
13 February of 2013. It has elected to be  
14 taxed as a REIT. And as such, it's  
15 required to adhere to a number of internal  
16 revenue code rules and treasury department  
17 rules. And some of the features of REIT  
18 and some of those essential rules are also  
19 outlined in the report.

20 GLPI is in business of acquiring,  
21 financing and owning real estate property  
22 that is then leased back to gaming  
23 operators. And the leases require that the  
24 operators remain responsible for all

1 operating expenses, real estate taxes and  
2 capital expenditures.

3 The agreement between GLPI and Penn  
4 to sell PPC's real estate to GLPI is one in  
5 a series of planned and interrelated  
6 transactions that are scheduled to take  
7 place immediately before simultaneously  
8 whether immediately after the transaction  
9 involving PPC.

10 The most significant of the  
11 transactions is Penn's planned acquisition  
12 of Pinnacle Entertainment. Pinnacle is  
13 another regional operator. And the result  
14 of the transaction will be that in the  
15 aggregate, Penn will acquire the gaming  
16 operations of 12 facilities across the  
17 United States and sell the real estate for  
18 PPC, and GLPI will acquire the property  
19 assets of PPC and one other casino in Ohio.

20 Trooper Tom Roger and financial  
21 investigations supervisor Monica Chang  
22 worked on this investigation, and I did  
23 want to draw your attention that despite a  
24 heavy workload at the moment, there was



1 knowledge that there is a planned closing  
2 date in the fall for this transaction, and  
3 they made it happen without sacrificing the  
4 quality or scope of the investigation.

5 I would like to ask Monica to  
6 comment on some of the anticipated impacts  
7 of the series of transactions on Penn.

8 MS. CHANG: Good morning,  
9 Commissioners. So as explained by Penn and  
10 together with Pinnacle through their joint  
11 press rerelease, the impact of the planned  
12 transaction is expected to be favorable.  
13 So, operationally, the combined company  
14 will -- the combined companies will  
15 increase in scale through addition of the  
16 Pinnacle properties to Penn's portfolio,  
17 which allows them to have greater economies  
18 of skill and also increase purchasing  
19 power.

20 The geographically diverse by  
21 complimentary properties will allow Penn to  
22 expand its footprint both regionally,  
23 sorry, but also to states. The combined  
24 customer-base of the two companies, which

1 is estimated to be around five million in  
2 active players, that will give rise to  
3 promotional and also marketing  
4 opportunities for Penn.

5 Financially, the diversification of  
6 the added properties will translate to  
7 financial stability, also increasing free  
8 cash flow and also generation of cost  
9 energies. The creation of the free cash  
10 flow will be used to have Penn service  
11 their long-term debt as part of this  
12 acquisition.

13 And, concurrently, the cost  
14 synergies of the expected 100 million a  
15 year, that will be generated at both the  
16 corporate level and the operational level  
17 at the properties either through the  
18 reduction or elimination or corporate  
19 redundancies, but also improving  
20 operational efficiencies at the property  
21 levels.

22 So after the announcement and the  
23 press release of this planned transaction,  
24 the stock of both companies went up, so

1           that just suggests market confidence in the  
2           overall transaction. So one of the  
3           components of this planned transaction,  
4           specifically the scope of our interim  
5           authorization, is the PPC real estate asset  
6           sell the lease back to GLPI. That can be  
7           seen as a source of financing for Penn but  
8           also a long-term investment for GLPI.

9           So the proposed long-term lease  
10          obligation, so that establishes a fixed  
11          25 million in annual rental payment from  
12          PPC, but that 25 million translates to a  
13          stable inflow of cash in the form of rental  
14          income for GLPI. So as we've seen through  
15          this interim review, GLPI's financial  
16          results have been improving since their  
17          spinoff in 2013. So the addition of the  
18          PPC real estate sell lease back will  
19          supplement that growth.

20          So, overall, the impact of the  
21          transactions have been well-received by  
22          both Penn and Pinnacle shareholders but  
23          also through the public. I just want to  
24          reiterate that as part of this interim

1 authorization of review, the investigators,  
2 we focused on this PPC selling the  
3 transaction and the related qualifiers that  
4 were scoped in.

5 As a continuation of the suitability  
6 investigation, that will allow us to the  
7 opportunity to verify, further evaluate and  
8 then conclude on the general impact that I  
9 already talked about today. But, more  
10 importantly, to really affirm the  
11 transaction details once everything  
12 finalizes and approves and is signed off,  
13 which will be later this year.

14 MS. LILLIOS: So also as part of,  
15 thank you, Monica, as part of this initial  
16 investigation, the IEB, as I mentioned, had  
17 ongoing communications with the parties.  
18 We reviewed the submissions from each of  
19 the qualifiers. We conducted criminal  
20 record checks in accordance with our usual  
21 protocol. We verified licensing and  
22 suitability status of GLPI in the various  
23 license -- in the various jurisdictions  
24 where it has undergone that kind of review.

1                   We reviewed the lease terms for the  
2                   PPC re-transaction, considered the  
3                   litigation status of each entity qualifier,  
4                   performed research through a number of law  
5                   enforcement and public databases, performed  
6                   initial financial reviews for each  
7                   qualifier.

8                   We evaluated the qualifiers and the  
9                   transaction based upon the standard set  
10                  forth in 205 CMR 116.105 in which provide  
11                  that the Commission may approve interim  
12                  authorization allowing the real estate  
13                  transaction to close if it finds that eight  
14                  criteria have been met, and those eight  
15                  criteria are discussed on pages 22 to 24 of  
16                  the report. First of all, the qualifiers  
17                  did submit completed forms, licensing  
18                  division verified the submissions, and the  
19                  IEB also confirmed the completed  
20                  submissions were made from each qualifier.

21                  A copy of the trust, which is  
22                  required by the regulation was submitted to  
23                  the Commission. The Commission approved  
24                  the Plainridge nominee trust on June 21st.

1           That trust, as you may recall, provides  
2           that if there is a suitability issue that  
3           arises after interim authorization is  
4           allowed, then the Commission may order that  
5           the PPC property return back into the trust  
6           or to PGR. And if there is a suitability  
7           issue at the final determination stage, the  
8           property goes back to PGR. So,  
9           essentially, there is a provision that  
10          could unwind the whole transaction as it  
11          has to do with our licensee in the event of  
12          a suitability issue.

13                 The regulations also require a  
14                 background review for the trustee of the  
15                 trust. Mr. Timothy Wilmont, who's the  
16                 chief executive officer and a director at  
17                 Penn, is the trustee. He went through  
18                 suitability already in the initial stages  
19                 of the license that was issued back in  
20                 2013, 2014. A report on his background  
21                 appears as Exhibit 8 in your packet.

22                 Mr. Wilmont has a long history in  
23                 gaming. Started out in Harrah's, joined  
24                 Penn in 2013 and he is licensed in many

1           jurisdictions, and the IEB recommends a  
2           suitability finding on him that he's  
3           established suitability by clear and  
4           convincing evidence.

5                     Another factor has to do with our  
6           initial review of suitability for all of  
7           the qualifiers, and I can state that after  
8           the review that we performed that we  
9           uncovered no information that undermines a  
10          suitability finding. But, of course, as we  
11          move to the final stage, we will do  
12          supplemental reviews, supplemental  
13          information will be reviewed and we will do  
14          a full suitability invest.

15                    In addition, the invest that we've  
16          conducted indicates that the transaction  
17          involving PPC will result only in the  
18          transfer of the real property. The  
19          licensee will remain the same and GLPI by  
20          all the terms of the lease and all of the  
21          federal rules that it has to comply with by  
22          all indications will remain a passive  
23          landlord in the situation.

24                    Another regulatory requirement that

1 has been met is that each of the qualifiers  
2 certified in writing under the pains and  
3 penalties of perjury that they aren't aware  
4 of any derogatory information that could  
5 undermine suitability. And, ultimately,  
6 the IEB's information is that allowing the  
7 transaction to close now would be in the  
8 best interest of the Commonwealth in terms  
9 of allowing an uninterrupted flow of tax  
10 revenues and continued employment of the  
11 individuals who are employees of PPC at the  
12 moment.

13 Also, by all of the information that  
14 we have reviewed, there is no change in  
15 control at the facility now. Again,  
16 operator remains the same. Should the  
17 Commission approve interim authorization  
18 for the sale of the real estate, now the  
19 closing may take place and the IEB would  
20 continue with its final investigation,  
21 which under the regulations must be  
22 completed within a year.

23 There is a racing component to this  
24 that, I believe, tracks the analysis that



1 we've given you and given in the report.  
2 Catherine may wish to speak to that in more  
3 detail.

4 MS. BLUE: So, Commissioners, in  
5 your packet you have a letter that meets  
6 the qualifications of 128A Section 11C. It  
7 is a similar process to that, which we used  
8 when Suffolk Downs transferred its  
9 property. I reviewed the letter. They  
10 meet the requirements of 128A, so we should  
11 be okay with transferring the racing part  
12 of this property as part of this overall  
13 transfer.

14 MS. LILLIOS: If the Commissioners  
15 have any questions, and certainly the  
16 parties are here directly to address  
17 anything that you may have.

18 COMMISSIONER CAMERON: I note that  
19 we're the 11th jurisdiction to look at this  
20 matter, to review the matter without any  
21 issues elsewhere, very well-prepared  
22 report, certainly no issues. I did -- my  
23 one question was a separate letter to Dr.  
24 Lightbown requesting approval from the

1 racing division, and I see that Penn racing  
2 folks are here.

3 So I'm sure that is to assure us  
4 that there would be no disruption of racing  
5 operations or integrity with this sale. So  
6 I just -- obviously we have authority over  
7 the racing division, so that's within our  
8 jurisdiction. But other than that, really  
9 clean and see no reason why we wouldn't  
10 approve this.

11 CHAIRMAN CROSBY: Anybody else?

12 COMMISSIONER ZUNIGA: Thank you for  
13 that summary and the report. It's really  
14 thoughtful and well-written. I'm familiar  
15 with these transactions. I think, as you  
16 pointed out, Director, they are very  
17 economical. They make sense, and it's in  
18 the benefit of both Penn and GLPI and as a  
19 consequence of PPC. I do have a couple of  
20 questions. I suspect the answer might be  
21 the same for those questions of the Penn  
22 folks but perhaps Mr. Albano or others.

23 Are there any provisions in the  
24 lease or remedies if say Penn or PPC in

1           this case is not awarded a license after  
2           the end of this license towards that  
3           payment? I know Penn guarantees the  
4           payment to GLPI going forward regardless of  
5           what happens. But are there any provisions  
6           that allow Penn to renegotiate a lease, for  
7           example, with GLPI?

8                     MR. ALBANO: May I defer to  
9           Mr. Moore on that?

10                    COMMISSIONER ZUNIGA: Sure.

11                    MR. MOORE: So Brandon Moore. I'm  
12           general counsel of Gaming and Leisure  
13           Properties. So the question with respect  
14           to the lease, if I understand it correctly,  
15           is if Penn National Gaming -- the affiliate  
16           Penn National Gaming were not to be  
17           relicensed, what would happen under the  
18           lease. The way the lease is structured is  
19           it's a unitary lease. So you're right in  
20           the sense that there is no individual rent  
21           property by property.

22                    However, there is a provision in the  
23           lease. It's Section 14 point -- it's in  
24           Section 8 and then 14.6. 14.6 will provide

1           that if Penn were to lose a license for  
2           something that's a reason outside their  
3           control, so, for instance, in Iowa shortly  
4           after the lease was put into effect, the  
5           Iowa property in Sioux City was the license  
6           was ended, and it went to a new party.

7                     The provision in the lease provides  
8           that if a license is lost in that  
9           situation, there is a reduction in rent.  
10          So we will reduce their rent by a  
11          prescribed formula in the event of a loss  
12          of a license. That's in the lease as it  
13          stands today in both the Penn lease and the  
14          Pinnacle lease, which is what this property  
15          will be a part of.

16                    COMMISSIONER ZUNIGA: Now, what  
17          happens -- you mentioned that the rent is  
18          not considered as a property by property  
19          but there is a rent number associated with  
20          PPC, in this case a 25 million. Is  
21          there -- what happens if the property  
22          cannot quote/unquote afford the rent  
23          payment going forward?

24                    MR. MOORE: So under the master

1           lease, which is this will be a part of,  
2           Penn will still have to pay the rent. So  
3           we have decided between us and Penn that  
4           the contribution to the base rent under  
5           that Pinnacle lease will be 25 million for  
6           our acquisition of the land and building  
7           associated with the Plainridge property.

8                     But if for some reason say there was  
9           a snowstorm or a flood or I don't know what  
10          it might be there, I don't know what the  
11          geography is that would cause some sort of  
12          sensation of the operations, the rent would  
13          still be due. So that's the way those  
14          leases are structured. And, presumedly,  
15          the support from all the other facilities  
16          that go into that lease would support that  
17          payment of rent.

18                    So unless there was a situation  
19          where the lease was terminated and the  
20          doors were closed, the lights were shut  
21          off, there would be no interruption in the  
22          rent stream.

23                    Now, there could be at the end of  
24          the rent term, it gets a little hairy and

1           when we get into the lease dynamics and  
2           this property is a flat contribution of  
3           rent, the other properties have a  
4           percentage rent component so if there was a  
5           deterioration in the operations there  
6           because of competition or something else,  
7           they would conceivable get a rent  
8           adjustment downward every two years under  
9           that Pinnacle lease, and it's designed to  
10          just make sure that the operator stays  
11          healthy.

12                       COMMISSIONER ZUNIGA: Tell me more  
13           about that. I didn't quite realize that  
14           was the case.

15                      MR. MOORE: So when we structured  
16           the master lease, there are a number of  
17           properties on that lease. There are three  
18           basic components to the rent under all of  
19           our master leases, which is a base rent  
20           that never changes, a building base rent, a  
21           land base rent that is set up front that  
22           doesn't change, and then there's a  
23           percentage rent component that you do a  
24           look back under the Penn master lease it's

1 every five years, under the Pinnacle mater  
2 lease that this is a part of, it's every  
3 two years. And you look at the net  
4 revenues over that two-year period and the  
5 rent can go up or down based on the success  
6 of the facilities during that period.

7 When we looked at the Plainridge  
8 property because there are new properties  
9 coming into the state and other factors,  
10 both we and Penn agreed that we wouldn't  
11 have a percentage rent piece to this.  
12 We'll pick up a number. We'll put it in as  
13 flat rate rent. We've also excluded it  
14 from some of the other calculations under  
15 the lease so that it doesn't go into those  
16 calculations.

17 So that's just the function of the  
18 negotiation between the parties of saying  
19 let's just pick a number, put it in and  
20 we'll keep it aside. So in the lease, when  
21 you see it in the lease, you won't see  
22 Plainridge 25 million. You'll see an  
23 addition to the base rent under that  
24 Pinnacle lease of 25 million that reflects

1           our acquisition of the Plainridge property  
2           and its addition to our portfolio.

3           COMMISSIONER ZUNIGA: So the  
4           increase or the decrease in revenues  
5           component is one that the parties look at  
6           in the aggregate?

7           MR. MOORE: In the aggregate, that's  
8           right.

9           COMMISSIONER ZUNIGA: Every two  
10          years.

11          MR. MOORE: Plainridge won't be part  
12          of that.

13          CHAIRMAN CROSBY: But it doesn't  
14          apply to Plainridge.

15          COMMISSIONER ZUNIGA: It doesn't  
16          because --

17          CHAIRMAN CROSBY: Right. It's  
18          exempt from that feature.

19          MR. MOORE: It's exempt from that  
20          feature. Yes, that's exactly right.

21          CHAIRMAN CROSBY: I hadn't thought  
22          about this before. But in the event that  
23          the license for Penn National at Plainville  
24          was not renewed and was awarded to somebody



1           else, how would the transaction between  
2           GLPI and the somebody else work?

3           MR. MOORE: So the way that it's  
4           structured in the lease, and we haven't  
5           encountered this, so I can't tell you -- in  
6           the Iowa example I gave, that license was  
7           actually awarded to somebody else. They  
8           built a brand-new facility that wasn't on  
9           our property, so we had no part of that.

10          In the situation that, I think,  
11          you're suggesting where if Penn were to  
12          lose the lease but you recognize that that  
13          facility, which is designed and built for  
14          gaming and somebody else could step in and  
15          run those machines on day one so you don't  
16          have the two-year period to build a new  
17          facility or something like that and we were  
18          to enter into a new lease, what the lease  
19          provides is that what we would do is enter  
20          into a new lease with a new tenant, whoever  
21          that was going to be, under substantially  
22          similar terms to the lease we have now.

23          Now, there is rug here where, and it  
24          gets into the business negotiation between

1           the parties, if the problem is that the  
2           rent was too high, then the whole lease is  
3           in jeopardy. And, I think, we find  
4           ourselves, the Gaming and Leisure  
5           Properties, faced with the notion of if the  
6           rent construct is too high, then we're  
7           probably going to be forced to renegotiate  
8           rental payments and those sorts of things.  
9           Again, we haven't encountered that to date.

10           CHAIRMAN CROSBY: But the case --  
11           I'm thinking more -- just for the record,  
12           this is an utterly hypothetical, but it is  
13           a hypothetical that I think it's worth  
14           thinking about. If we were not satisfied  
15           with the performance of Penn National and  
16           we decided to rebid and give opportunity to  
17           somebody else to come in and bid and  
18           somebody else came in and bid, and I'm  
19           asking this of you, but I would like to  
20           have you think about this as well and  
21           Loretta, wherever you went, you know, are  
22           we compromised -- is the Commission  
23           compromised in its ability to make an  
24           objective decision based on the leverage

1           that GLPI has on a new license holder? If  
2           you make life miserable for the new license  
3           holder in terms of how you'll rent to them,  
4           does that put us at a disadvantage and  
5           being able to be objective in assessing  
6           whether or not Penn National is indeed the  
7           best operator?

8           MR. MOORE: So from our perspective  
9           at GLPI, we don't think so. We believe  
10          that we're kind of at your mercy. So,  
11          obviously, you control ultimately whether  
12          or not gaming happens at that location,  
13          that property. There is no better use  
14          presently at that property. The highest  
15          and best use is undoubtedly gaming. So we  
16          are a little bit at your mercy in the sense  
17          that you have the license, a tenant. That  
18          tenant has to choose that facility that we  
19          own to conduct their gaming in.

20          And if they don't, then we have a  
21          very expensive facility that the next best  
22          use the rent will be derived, I can only  
23          surmise will be substantially lower than  
24          the rent we'll generate today.

1                   And I will say, we also view  
2                   ourselves as a bit of a partner to the  
3                   state in the sense that our interest as a  
4                   triple net landlord is for the lights to be  
5                   on and the machines to be running at all  
6                   times. To the extent that that doesn't  
7                   happen, whether or not there's a master  
8                   lease supporting it, eventually the house  
9                   starts to crumble. And, so, our interest  
10                  is always to have a tenant, and we don't  
11                  get our rent until you get your tax  
12                  dollars.

13                 And, so, we believe we are aligned  
14                 with you in the sense that if Penn is doing  
15                 a terrible job at running this facility,  
16                 that's bad for us as well. So we're going  
17                 to want a new tenant in there as well that  
18                 will reinvest in the property and, you  
19                 know, put money back in, refresh machines,  
20                 do things that presumedly in this case Penn  
21                 is not doing.

22                 So we believe we're aligned with the  
23                 state -- with the Commonwealth in that  
24                 regard. And in that, I mean, we are --

1 from a financial standpoint, we're  
2 financially sound because of our structure,  
3 not because we do it better. We're more  
4 financially sound than most of the gaming  
5 operators out there, because most of the  
6 cash flows goes to our shareholders, so our  
7 business is very simple.

8 We take and rent. We pay out  
9 90 percent of that net income in dividends  
10 to our shareholders. We keep ourselves  
11 levered at a point where we believe is  
12 prudent, which we've said is about five and  
13 a half times levered. And as of today,  
14 Fitch Ratings came out with a rating on our  
15 debt today, hadn't previously rated us. We  
16 had only been rated by Moodies and S&P.  
17 Finch has rated us investment grade.

18 So we have two of the three agencies  
19 have investment grade ratings on our debt.  
20 So we believe we will bring a stability to  
21 gaming that we bring a partner that we're  
22 after the same things you are. Make sure  
23 there's a tenant in there that's doing a  
24 good job and paying the rent and keeping

1 the machines running.

2 CHAIRMAN CROSBY: Do you or,  
3 Enrique, do you have any different sense of  
4 that?

5 MR. BEDROSIAN: And, I think, you're  
6 required -- if for some reason Penn, again,  
7 hypothetically, somehow really tanked and  
8 lost a license, it's a Category 2 license.  
9 There's no obligation you put someone in  
10 that facility. You could put it back out  
11 to bid. Now, again, I think to GLPI's  
12 point, they'd be incentivized to make sure  
13 there is someone in that facility. So it  
14 would be awful hard -- it strikes me the  
15 economic model might be hard for someone to  
16 go build on something as opposed to occupy  
17 something that's already there.

18 CHAIRMAN CROSBY: Right.

19 COMMISSIONER ZUNIGA: That's well  
20 said.

21 CHAIRMAN CROSBY: Anybody else?

22 COMMISSIONER ZUNIGA: That said, I  
23 mean, there's a number of scenarios that  
24 you can think of. But it ultimately goes

1 down to the questions we asked of the  
2 parties earlier and said when it comes to  
3 licensing, that's really -- or relicensing,  
4 that's really a risk they're willing to  
5 take. They understand that that's their  
6 highest and best use, and they'll make a  
7 case to continue running it for as long as  
8 they can.

9 I have a question of Penn. In the  
10 terms, some of the disclosure -- thank you,  
11 Mr. Moore. Some of the prior disclosures  
12 and some of the remarks that Ms. Chang  
13 made, there's a notion there will be about  
14 \$100 million in annual savings as part of  
15 this transaction going forward.

16 Can you tell us a little bit about  
17 that and what happens if those -- how is  
18 that going and what happens if those don't  
19 really come to fruition?

20 MR. SEBASTIANO: Sure. Justin  
21 Sebastiano, VP of finance and treasurer at  
22 Penn National. So you mentioned the \$100  
23 million of cost savings, these are the  
24 synergies that we announced -- when we

1           announced the deal back in December of '17.  
2           And, so, it's actually been going extremely  
3           well. During the our due diligence, we  
4           came up with that number. After we made  
5           the announcement and we're able to really  
6           dig in more with help from the Pinnacle  
7           corporate teams and property teams, we have  
8           more faith in that number now.

9                     And it's basically 50/50 between  
10           corporate -- the corporate structure  
11           savings and what is out in the properties.  
12           We think that probably happens over a  
13           24-month period post-close and probably  
14           split roughly 50/50. Maybe a little bit  
15           we'll get in Q4 of this year. We've  
16           announced on our last conference call that  
17           we expect to close the transaction very  
18           early fourth quarter.

19                    So they won. Obviously there's the  
20           corporate redundancies, the duplicative  
21           costs of being a public company, you know,  
22           you don't need these costs now since  
23           there's going to only be one public  
24           company. So those sorts of costs will come



1 day one. But the real bulk of it will  
2 probably happen over the 24-month period  
3 after that.

4 So we think the corporate  
5 redundancies happen much sooner, and some  
6 of the property savings that we will have  
7 will be through predominantly through the  
8 cost of good sales and procurement and just  
9 getting that purchasing power, and that  
10 economy is a scale you would get becoming a  
11 much larger company.

12 While we haven't quantified  
13 publically how we're going to do that, we  
14 haven't laid out per se the blueprint  
15 obviously for competitive reasons. But  
16 while we were very comfortable with that  
17 number, now we are extremely confident in  
18 that 100 million. I would also say that  
19 there is likely revenue synergies on top of  
20 that. And, so, we feel very comfortable  
21 with the number, and we really can't wait  
22 to start operating this company as one  
23 larger company.

24 COMMISSIONER ZUNIGA: Revenue

1 synergies, can you help me understand that,  
2 what that might be?

3 MR. SEBASTIANO: Sure. And when we  
4 were talking about the five-million player  
5 database, just getting more of those  
6 customers in from the Pinnacle Properties.  
7 Pinnacle does not have a Las Vegas strip  
8 asset. We can now cater to those Pinnacle  
9 database players and have them come to the  
10 Las Vegas strip where we have a property in  
11 Tropicana, Las Vegas, MGM Resorts and the  
12 local market.

13 COMMISSIONER ZUNIGA: Great, thank  
14 you.

15 CHAIRMAN CROSBY: Anybody else,  
16 questions or comments? I think we have a  
17 vote. Is that next?

18 COMMISSIONER ZUNIGA: Sure. Let me  
19 make the motion noting that, as I noted  
20 before, that this is a fundamental economic  
21 transaction, something that results in real  
22 benefits to the parties simply because of  
23 the structure. There will be better cost  
24 of capital that was mentioned before in

1 terms of the capacity of GLPI to borrow.  
2 So I will move that the Commission approve  
3 the proposed transaction of the interim  
4 authorization for the sale of Plainridge  
5 Park Casino to GLPI as described here  
6 today.

7 COMMISSIONER STEBBINS: Second.

8 CHAIRMAN CROSBY: Further  
9 discussion? All in favor? Aye.

10 COMMISSIONER CAMERON: Aye.

11 COMMISSIONER STEBBINS: Aye.

12 COMMISSIONER O'BRIEN: Aye.

13 COMMISSIONER ZUNIGA: Aye.

14 CHAIRMAN CROSBY: Opposed? The ayes  
15 have it unanimously. Thank you, folks.

16 COMMISSIONER CAMERON: Thank you.

17 CHAIRMAN CROSBY: Mr. Albano looks  
18 like he wants to say something.

19 MR. ALBANO: If I may, just I want  
20 to be clear that is -- is the racing  
21 approval subsumed within the interim  
22 authorization that the Commission just  
23 voted on? That's my question.

24 CHAIRMAN CROSBY: General Counsel

1 Blue is nodding yes.

2 COMMISSIONER ZUNIGA: Yes.

3 MR. ALBANO: Thank you.

4 CHAIRMAN CROSBY: Thanks again.

5 We're asking Ombudsman Ziemba to return.

6 MR. ZIEMBA: Mr. Chairman,  
7 Commissioners, we're joined by Plainridge  
8 Park for the quarterly report for the  
9 second quarter of this year. We are joined  
10 here by Ruben Warren, Vice President of  
11 Finance, Michele Collins, Vice President of  
12 Marketing, Kim Dixon, Vice President of  
13 Human Resources, Jason Gittle, Information  
14 Technology Director, Lance George, General  
15 Manager and Lisa McKenney, Compliance  
16 Manager are also here to answer any  
17 questions you may have. And with that, I  
18 turn it over to Ruben.

19 MR. WARREN: Good morning.

20 CHAIRMAN CROSBY: Good morning.

21 COMMISSIONER STEBBINS: Good  
22 morning, Ruben.

23 COMMISSIONER ZUNIGA: Good morning.

24 MR. WARREN: No more hypotheticals.

1           So our second quarter presentation in the  
2           state's fourth quarter, revenue grew in our  
3           second quarter, so \$44 million in net slot  
4           revenues. That's 3.3 percent better than  
5           the prior year. That is with disruption in  
6           our slot floor. We built a high limit  
7           facility with a VIP component, and Michele  
8           will get into the details of what that  
9           looks like. Our total state revenue  
10          17.6 million, horse race revenues of just  
11          under 4 million and total taxes of  
12          21.6 million in the quarter.

13                 For lottery, continues to be a great  
14                 story for us. Just under a million-dollars  
15                 for the second quarter. 932,000 was the  
16                 number. That's just under 11 percent  
17                 growth, so great partnership and I think  
18                 our customers, you know, love the  
19                 convenience of the terminals being on the  
20                 property. For life to date, lottery has  
21                 made about \$8 million on our property  
22                 through the terminals. And that's with,  
23                 you know, partnering with our host  
24                 communities not really affecting the host

1 communities. We've actually grown those as  
2 well and that's with, you know, people  
3 coming into the area, so I think it's a  
4 great partnership for both lottery and our  
5 host communities as well.

6 For the state, for the qualified  
7 spend \$1.5 million for the total -- for the  
8 quarter with 89 percent or 1.3 million  
9 being in the state of Mass. That number is  
10 slightly elevated due to some of the  
11 construction projects that we had on the  
12 properties. The normal average for Mass.  
13 is 75 percent. This quarter is slightly  
14 above because of those reasons.

15 COMMISSIONER ZUNIGA: Was that the  
16 high limit area that you redid recently,  
17 for example?

18 MR. WARREN: Yes. So we did on the  
19 horse racing side, we did the barn roofs in  
20 that quarter and payments came in for that  
21 and then partial payments for the high  
22 limit room as well. You'll see most of  
23 those payments for the high limit room in  
24 the next quarter.

1 COMMISSIONER ZUNIGA: Thanks.

2 MR. WARREN: For our host and  
3 surrounding communities, 243,000 was the  
4 total spend. That's about 15.5 percent of  
5 our total qualified spend in the quarter.  
6 And then a Wrentham vender benefited from,  
7 you know, the construction on the property,  
8 i.e. the 64 percent here for that  
9 jurisdiction, for that community.

10 Diversity, continues to be a good  
11 story overall. So we exceeded the goal in  
12 our second quarter, 24 percent compared to  
13 the 21 percent goal. For the women  
14 business enterprise, 14 percent compared to  
15 the 12 percent goal, minority-owned is  
16 right at the six percent goal and the  
17 veteran business at five percent.

18 And, so, through some of these  
19 spectrums, our top three venders for women  
20 business enterprises, printing and signage,  
21 seafood and Tito tickets for the slot  
22 machines. For the minority-owned  
23 businesses, it would be technology,  
24 printing and marketing promotional gifts.

1 And for the veteran business, it's  
2 marketing promotional gifts, food and  
3 beverage, equipment repair, food and  
4 beverage disposable items. And through the  
5 partnership with Derek and Jill, the state  
6 and Vericloud, we have identified, you  
7 know, a few more vendors to sure up some of  
8 the areas that we're having issues with  
9 historically.

10 And through the corporate  
11 procurement partnership, they brought in a  
12 veteran-owned business, i.e. the elevation  
13 and the percentage for the second quarter.  
14 And, so, things are continuing to improve  
15 for the areas that we had submissions with  
16 prior year.

17 Compliance, good story for the  
18 second quarter. Just under 650,000 people  
19 through the doors. And our security  
20 checked right at 21,000 folks. That's  
21 about 3.3 percent of all visitors to the  
22 property. And the major components of that  
23 that we turned away, 291 total folks were  
24 either invalid IDs or no ID and just over



1           100, you know, folks that's either underage  
2           or minors that attempted to get on the  
3           floor that were turned away.

4                     With that, I'm going to turn it over  
5           to Kim so that she can go over our  
6           employment update.

7                     MS. DIXON: Good morning. As of the  
8           end of the second quarter, our employment  
9           was up by 12 people, 477, full time  
10          represents 305, which is 63.9 percent of  
11          the workforce, and part time is 172, which  
12          represents 36.1 percent of the workforce.  
13          In terms of our breakdown of our employees,  
14          our numbers remain significantly the same.  
15          Diversity went up slightly to 26, veterans  
16          have remained the same at five percent,  
17          Massachusetts has gone down slightly one  
18          point to 64 percent, and our local hiring  
19          is at 34 percent.

20                    Our male and female breakdown is 53  
21          percent male and 47 percent female. We  
22          continue to focus on our in-state and local  
23          hiring. We are attending the recruit  
24          military job fair coming up in two weeks.

1           During the second quarter, we attended the  
2           BBC job fair and we also held an on-site  
3           job fair. We are enhancing our social  
4           media recruitment as well with our talent  
5           acquisition team focusing on member only  
6           job ward, south shore jobs on Facebook, et  
7           cetera.

8           COMMISSIONER STEBBINS: Kim, just a  
9           quick point. I know Director Griffin isn't  
10          here this morning, because she's at one of  
11          our Access and Opportunity Committee  
12          meetings. I know you're in the process of  
13          kind of reshaping the workforce development  
14          plan for Penn or PPC.

15          MS. DIXON: Yes.

16          COMMISSIONER STEBBINS: You know, I  
17          was just on your website this morning. You  
18          still have anywhere between 35 and 40  
19          openings. Do you consider those kind of  
20          ongoing openings or are we still  
21          experiencing some turnover or are some of  
22          those new positions or kind of what's the  
23          mix?

24          MS. DIXON: A little bit of all. So

1 we do have some reoccurring positions that  
2 continue to -- we have continual turnover.  
3 Our turnover is actually lower than it's  
4 ever been. So year-to-date we're at about  
5 19.4 percent, and annualized we are much  
6 less than we were in 2017. We're down like  
7 20 percentage points from 2017's annualized  
8 number. We do continue to focus on the  
9 in-state hiring as well working with the  
10 career fairs. We have all our positions  
11 posted. We're looking at setting up  
12 something on site soon.

13 COMMISSIONER STEBBINS: Okay. Just  
14 with talking with some folks from the  
15 governor's Skills Cabinet, more focused on,  
16 you know, they were looking for updates for  
17 progress with MGM, but they said we should  
18 circle back, go down and visit Plainridge,  
19 bring in the career center folks and see  
20 how, again, we might be able to work with  
21 you, especially at this time when you're  
22 kind of redoing the workforce development  
23 plan. So I'd be happy to work with you on  
24 that.

1 MS. DIXON: Absolutely. Next, to  
2 continue our update on our Women Leading at  
3 Penn Initiative, so our next topic that  
4 we'll be discussing in the month of July is  
5 gender bias. We also wanted to give you an  
6 update on our women's expo. So, again,  
7 we're thrilled to have Gail as our keynote  
8 speaker. Our advertisements have been  
9 posted. We'll be able to hold about 225  
10 attendees and about 26 vendors.

11 So we've had significant interest  
12 with the chamber selling tickets, as we  
13 speak. And I just wanted to mention, too,  
14 some of the additional speakers that are  
15 going to be there. Jennifer Weissman is a  
16 new addition. She is our chief marketing  
17 officer from Penn National. She is one of  
18 the founding women with the Women Leading  
19 at Penn Initiative, and Jennifer is going  
20 to talk to the group about the initiative  
21 and, you know, the plans for Penn going  
22 forward. So we're excited to have Jennifer  
23 on the panel as well.

24 The rest of the speakers, Jen is

1           going to -- Jen Osojnicki, I said that  
2           wrong, she's going to talk about  
3           authenticity and social media being  
4           authentic. Jen and the rest of the group  
5           are all local, so they are all from  
6           Massachusetts. So we're excited that they  
7           all came here. Ashley Pare, she owns Own  
8           Your Worth and she is going to discuss  
9           negotiation stills. Shelly Burman-Rubera,  
10          she's going to discuss about woman  
11          succeeding in business, so small business  
12          owners and then Dr. Mary Medeiros is going  
13          to focus on women in health care, so those  
14          will make up the breakout sessions for the  
15          women's expo.

16                 CHAIRMAN CROSBY: Great.

17                 MS. COLLINS: All right, so for  
18          local community, we continue to support the  
19          local charities on a quarterly basis and  
20          some of these you'll see quarter over  
21          quarter. But some highlights include we  
22          sponsored restaurant night for Lenore's  
23          Pantry at Slacks at the property. We also  
24          participated in the Penn initiative For

1 Relay for Life. So every year what they do  
2 is they have all of the properties  
3 participate to see how much money we can  
4 each raise. It's a competition really.  
5 And this year we came in 7th out of 20  
6 properties where we raised over \$25,000 for  
7 Relay for Life. On a whole, Penn actually  
8 raised \$427,000 this year.

9 CHAIRMAN CROSBY: Where does that  
10 money go?

11 MS. COLLINS: Relay for Life.

12 CHAIRMAN CROSBY: There's an  
13 organization called Relay for Life?

14 MS. COLLINS: Yes. So we work  
15 specifically for the North Attleboro  
16 chapter. But, yes, it's cancer, all kinds  
17 of cancer. It's not specific to one. In  
18 addition to that, we have been working with  
19 a local artist. His name is Theodore  
20 Arthur Charron. He is raised in North  
21 Attleboro at his grandparents' farm, and he  
22 went to the Art Institute of Boston. He  
23 graduated in 1972, and he is well-known for  
24 many of his paintings. He has been

1           recognized for over 100 nationally.

2           So what we've done with him is we've  
3           taken some of his artwork and if you've  
4           walked down from Slacks to the racing area,  
5           we've displayed his artwork along those  
6           walls, which is a nice area to put it.  
7           We're allowing our customers, who if they  
8           opt to choose to spend their comp. cash on  
9           a piece of art, they can do so.

10          So this is just very new. I think  
11          we put them up about three weeks ago. So  
12          it's exciting. And he's also going to be  
13          riding in the starter car taking  
14          photographs of live racing, and then he's  
15          going to print, draw the pictures and we're  
16          going to do a promotion for our guests  
17          where they will receive a print of the  
18          picture.

19                 COMMISSIONER STEBBINS: Cool.

20                 MS. COLLINS: In addition to that,  
21                 we continued our sponsorship with NESN and  
22                 Red Sox with Winning Wednesdays. So as the  
23                 Red Sox continue to have their lucky  
24                 streak, we're at 12 wins for Wednesdays,

1 which puts us at nearly \$10,000 already  
2 towards our 2019 goal for Relay for Life,  
3 so that's very exciting.

4 We've also continued our Fenway  
5 concert series sponsorship. This allows us  
6 to do activation to reach out to people and  
7 increase our awareness, but it also allows  
8 us to host our VIP guests in our suite so  
9 we can do kind of an experience with our  
10 host and the players so that they can enjoy  
11 something we don't offer at the property.

12 Then we partnered Beasley Media  
13 Group doing an Xfinity concert series where  
14 what they do is they have a concert  
15 winners. They bring a bus of 25 people to  
16 Flutie's beforehand, so they get to  
17 experience the restaurant and then there's  
18 transportation to and from the concert  
19 venue.

20 For marketing highlights, we just  
21 had our three-year anniversary. As Ruben  
22 mentioned, we also finished the new high  
23 limit area as well as the VIP lounge. In  
24 this area, it's a more private area for our



1 customers to play the high limit games,  
2 which is something that they were asking  
3 for, and we increased the count from 38 to  
4 45 in that area. So so far it's been a  
5 great success, and they're really enjoying  
6 the privacy of it.

7 COMMISSIONER ZUNIGA: Michele,  
8 remind me, what is the high limit  
9 threshold; what do you call high limit?

10 MS. COLLINS: It's any of the higher  
11 games, so we have \$100, \$25, \$10. And then  
12 in addition to that, we are bringing back  
13 Murphy's Boxing for their final boxing  
14 match in September. So we had done a four  
15 year -- a four time deal with them, so  
16 September will be the last one that we do  
17 for this year. We're also adding --

18 CHAIRMAN CROSBY: Is that something  
19 you will likely renew?

20 MS. COLLINS: It does. It's a  
21 totally different demographic than what  
22 we'd normally get, so it's nice to be able  
23 to use the racing side for that and still  
24 have the excitement on the gaming side.

1           So, essentially, it's not much crossover  
2           but it's still something that is exciting  
3           to offer. We started to work on the  
4           outdoor apron a bit. And I don't know if  
5           you've been there recently yet, but what  
6           we've done is we've taken the shack that  
7           was out there and we added a bar to it. So  
8           now when we do outdoor events, it allows us  
9           to offer cocktails and hot dogs. We  
10          actually just had our banquet manager rent  
11          that space out for a company to do their  
12          company party outdoors, which was really  
13          nice. And, again, something different. So  
14          we're just working with our existing  
15          footprint to create new items that we can  
16          offer to the community and to our guests.

17                 In addition to that, we're adding a  
18          what we call a grab in game, which is  
19          essentially just kind of a snack bar for a  
20          customers to grab a quick salad, grab a  
21          quick sandwich, and that way they don't  
22          have to wait in a restaurant and it's just  
23          something quick and easy for them to grab.  
24          We will be putting in the food court.

1                   COMMISSIONER CAMERON: Tell me where  
2                   that outdoor bar is again.

3                   MS. COLLINS: On the apron off of --  
4                   if you're facing the racing area, off to  
5                   the right, it was that white brick  
6                   building. So we kind of refinished it and  
7                   added a granite bar and stools.

8                   COMMISSIONER CAMERON: Oh great.  
9                   I'll have to take a look.

10                  MS. COLLINS: It looks great. And,  
11                  also, we will be launching our win/loss --  
12                  our monthly win/loss statements. So Jason  
13                  Gittle will be walking you through that  
14                  process with you. But what it is going to  
15                  do is allow our customers to go onto  
16                  marquee rewards on line and actually get  
17                  their statement each month versus yearly,  
18                  which is the current standard with Penn.  
19                  So they will be able to see their win/loss  
20                  statements, print them out and access them  
21                  whenever they want to. So he'll walk you  
22                  through that right now.

23                  MR. GITTLE: Good morning. I would  
24                  say just at a high altitude description of

1 the project, roughly five or six months ago  
2 we were approached by members of your staff  
3 that we needed to develop and offer our  
4 patrons a monthly win/loss statement.  
5 Typically, we've issued at Penn National  
6 has issued at all of the properties an  
7 annual statement. Sometime around  
8 February 1st is when that occurred.

9 So from a high altitude, this  
10 project came at a time technology-wise for  
11 Penn where I'm not certain if you're aware,  
12 we're changing our data warehouse for our  
13 corporation Penn National. The term "puma"  
14 if you've heard of it has made it's way to  
15 puma two.

16 So one of the challenges in  
17 developing something of this nature that  
18 pulls information from our old data  
19 warehouse, otherwise known as Puma, it's to  
20 make sure that it's forward compatible with  
21 what Plainridge Park will be using sometime  
22 in the January, February time frame we're  
23 scheduled.

24 The puma two engine has been ruled

1 out that two or three properties thus far  
2 successfully. Don't anticipate any  
3 failures on their approach to the  
4 Plainridge property. So what you're seeing  
5 here won't be impacted by that change  
6 that's coming.

7 As you know, just a couple of quick  
8 thank you's. One is to Todd, Todd  
9 Grossman, who has kind of served as a  
10 guiding point as to the law and what we  
11 need to provide folks. We had several  
12 conversations over the last four or five  
13 months on tweaks and things along those  
14 lines to what you're about to see. Also,  
15 Alena Jacks of the MGM IT deployment team,  
16 had several conversations. It would be a  
17 good thing to mention her as well to make  
18 sure what we're providing from Penn  
19 perspective is similar to what they will be  
20 providing shortly from an MGM perspective,  
21 and we think you'll see similarities.  
22 Finally, Lisa McKenney and Michele Colins  
23 from a compliance and marketing perspective  
24 locally helped steer us in the right

1 direction as well, which arrives you to  
2 this point.

3 In your package, plan B was to  
4 provide you some still shots. But late in  
5 the game, we decided maybe plan A would be  
6 better, and that's to show you a live  
7 demonstration.

8 Without further ado, the web player  
9 profile is located within a larger web  
10 engine or larger website referred to as  
11 marquee rewards, [www.marqueerewards.com](http://www.marqueerewards.com),  
12 allows the public to go in and take a look  
13 at all things Penn National, all things  
14 promotional Penn National. It has a secure  
15 element to it that it links this website,  
16 this public website securely to all of our  
17 patrons, and we refer to that secure piece  
18 as the web player profile.

19 So if you're a patron at any one of  
20 our properties, it is a place to log into  
21 and see things like promotional offers,  
22 tracking of their loyalty points and tier  
23 points and what that means in their  
24 evolution as a customer of Penn.

1           The log-in, thanks, Mike, for  
2           setting this up, we've created around the  
3           e-mail addresses that are given to our  
4           baseline gaming system as well as most of  
5           the major social engine credentials. So  
6           it's important to note that we don't need  
7           to have your e-mail address for you to log  
8           in and see the web player profile. You can  
9           use your Facebook, Twitter, Yahoo, all the  
10          typical social media.

11          If you'll allow me a brief moment to  
12          log in. We're picking on one of our hosts.  
13          As I had mentioned, we are logging in  
14          securely with a user name, which is  
15          typically the e-mail address and a password  
16          that you're able to select within the  
17          website in your creation.

18          This brings you into a secured area  
19          where you're able to, save this for you  
20          guys, where you're able to view things as I  
21          told you before your offers, your tier info  
22          and you're also able to find information on  
23          local and entertainment -- local  
24          entertainment and entertainment across the

1 Penn enterprise. And, I believe, folks,  
2 there is an account -- this is a different  
3 layout. This is a layout for also designed  
4 to work with phones and tablets and things  
5 of those nature.

6 So there is a my account section  
7 that allows you to log in and see different  
8 things across the enterprise. Here's where  
9 what we've done typically is an annual PDF  
10 that you can see as I hold my curser over.  
11 This is the typical functionality where if  
12 you were to select the year, you're able to  
13 see and download a PDF that shows their  
14 win/loss on an annual basis. One number,  
15 folks, one number.

16 The screen that has been added with  
17 a dynamic check so that the customers are  
18 able to see their play in each month that  
19 there is an active rating at the Plainridge  
20 facility. So you don't see months where  
21 there are no active ratings, and that's a  
22 discussion that Todd and I have been going  
23 back and forth on and still under  
24 discussion whether we want to presenting no



1 rating versus presenting a zero rating are  
2 two entirely different things here. So  
3 right now we're excluding anything -- we  
4 are not including months that do not have  
5 trips.

6 COMMISSIONER ZUNIGA: Is there a  
7 reason there why 2016 -- is this just dummy  
8 data?

9 MR. GITTLE: Yes, sir. This is a  
10 test account, and we didn't mess around  
11 with it in 2016. So as we dynamically take  
12 a look at the play on this account, we were  
13 testing obviously in 2015. You can see the  
14 equation of coin in minus coin out plus  
15 jackpots equals the total. That gives you  
16 a total number for the month of win/loss,  
17 green being win, red being loss. And,  
18 again, you can hop around it dynamically.  
19 This is the same math you'll see from the  
20 other licensee opening in ten days, same  
21 thing. And then finally --

22 CHAIRMAN CROSBY: Can you just open  
23 up 403 again, open up that May number? So  
24 that means that the better bet \$163 and won

1                   556, am I getting that right?

2                   MR. GITTLE: Yes, sir. So one of  
3                   the things we took from Mr. Grossman is  
4                   that we're potentially -- one of the adds  
5                   or the revisions that you'll see in the  
6                   coming month is we're going to add  
7                   definition to what these terms mean that  
8                   are more layman in nature.

9                   CHAIRMAN CROSBY: Right. Coin in  
10                  and coin out is obscured to a lot of folks.

11                  MR. GROSSMAN: We talked about the  
12                  coin in number. It does not mean that the  
13                  person took \$163 out of their wallet and  
14                  put it into the machine. That's the total  
15                  amount they bet going up and down.

16                  CHAIRMAN CROSBY: Well, this is a  
17                  topic I've had with some folks and that was  
18                  completely obscured to people, I think. I  
19                  mean, people think that you go in with \$100  
20                  and if you lose it, you have lost \$100.  
21                  But your system says if you started out  
22                  winning 100 and then you lose everything,  
23                  you have lost 200, right? So the consumer  
24                  thinks they lost 100, and the machine

1           thinks they lost 200.

2                       So explaining that to people --  
3           maybe I'm -- I've talked to a lot of people  
4           about it, and people intuitively think it  
5           means, how much cash out of my pocket did I  
6           lose? And, in fact, it means something  
7           different because it counts the money you  
8           theoretically had when you had wins, not  
9           theoretically. I mean, you did have but if  
10          you've chosen to cash out at that point,  
11          but that's really confusing to people.

12                   MR. GITTLE: So we had the same  
13          feedback from Mr. Grossman. We're going to  
14          be adding -- as we said, right here in this  
15          white section next to going in and going  
16          out, we're going to give a better  
17          description of what it means.

18                   CHAIRMAN CROSBY: I'm interested to  
19          know whether any of you -- is there any  
20          feedback from customers about whether  
21          they -- like your marquee rewards players,  
22          whether they understand this distinction;  
23          is there anyway -- that probably doesn't  
24          come up very often.

1 MS. COLLINS: It does come up. But  
2 if they're an experienced gambler, they  
3 typically do understand what it is. But  
4 somebody just walking in and signing up for  
5 a card, it is very confusing. But we try  
6 to just explain to them that it's literally  
7 every time they hit that button that's what  
8 the coin in is. It has nothing to do with  
9 what they physically put in the machine.  
10 But, again, when they want offers and  
11 they're trying to figure out what they  
12 should be getting versus what they are  
13 getting, it is confusing.

14 MR. GROSSMAN: Which is why we've  
15 talked about adding words like "estimated"  
16 in here. Because the total is not  
17 necessarily the pure total money that you  
18 actually won or lost. There is a number of  
19 different factors. So using words like  
20 "estimated" kind of gets you closer to what  
21 that number actually reflects.

22 CHAIRMAN CROSBY: Except it's not  
23 estimated. Given the definition, it isn't  
24 estimated. It is real, and that's the

1           number that we report, you know, to the  
2           state, and that's what we tax against and  
3           so forth. So when we report win, you know,  
4           what was the win or what was the drop, what  
5           was the payout, it's based on that  
6           algorithm, so it's not really estimated.

7           MR. GROSSMAN: That might not be the  
8           best word. Well, the tax is different.  
9           Tax is based on the actual drop.

10          CHAIRMAN CROSBY: GGR. I'm sorry, I  
11          misspoke. When we report GGR and tax, we  
12          also report coin in.

13          MR. GROSSMAN: We do report that in.  
14          That's right. So the word "estimated"  
15          might not be ideal. But as Mr. Gittle  
16          mentioned, they'll work on some explanation  
17          for here so people understand what these  
18          numbers mean.

19          MR. GITTLE: You know, what's  
20          important here is to layout that the law  
21          speaks in different terms, not coin in and  
22          coin out. It speaks in terms of total  
23          bets. So, I think, it would be a useful  
24          exercise to tie these terms into what the

1 law states, and it might be more  
2 understandable for our audience.

3 COMMISSIONER ZUNIGA: Perhaps I've  
4 been looking at this for awhile, but I  
5 think it's pretty straightforward when you  
6 make the addition to come up with a total,  
7 but I'm glad you're working on them.

8 MR. WARREN: Can I add one thing?  
9 So estimated could be our customers don't  
10 always understand you have to have the card  
11 in, and sometimes they think the card is in  
12 and they are betting. So, I think, the  
13 estimated is really saying that if you  
14 insert the card appropriately, it's going  
15 to track your play. And if you don't,  
16 there's going to be this, you know,  
17 estimation really what you lost, so it's  
18 really on the customers -- I'm sorry.

19 CHAIRMAN CROSBY: It doesn't count  
20 what you sneak over to the other machine  
21 and don't use your card and just play with  
22 cash, right?

23 COMMISSIONER ZUNIGA: By the way,  
24 this term is going to be -- that point is

1 going to be a lot more important with the  
2 tables because that talk about rate play,  
3 that really becomes as good as an estimate  
4 anybody can do, but it's still an estimate.

5 MR. GITTLE: Yes, sir. And without  
6 giving you testimony for another licensee,  
7 you'll find that their presentation of the  
8 data is very similar to what we're  
9 proposing here. But with one additional  
10 breakout, they break out slots versus table  
11 games.

12 COMMISSIONER ZUNIGA: Great.

13 MR. GITTLE: So to close the  
14 presentation, if we were to run a PDF of  
15 annual win/loss, this is what the patron  
16 would see. And as I had said earlier, this  
17 is what we have been doing to date. This  
18 is a presentation of one number versus what  
19 we're proposing in the same time period on  
20 a monthly basis, the statement is also  
21 available but you'll see some similarities  
22 to the dynamic screen we presented here  
23 with a monthly breakdown of their win/loss.

24 CHAIRMAN CROSBY: That annual

1 statement was set up as a letter. Did you  
2 mail that out or do you mail that out?

3 MR. GITTLE: We have not typically  
4 mailed them out, only if they've requested  
5 it. We typically make them available out  
6 of this web player profile.

7 CHAIRMAN CROSBY: And we discussed  
8 that and said that was okay. I thought it  
9 was interesting it sets up like a letter.

10 MR. GITTLE: Yes, sir.

11 COMMISSIONER ZUNIGA: It's good for  
12 tax purposes, by the way.

13 COMMISSIONER CAMERON: I would think  
14 patrons would appreciate this change  
15 because every other financial transaction  
16 we make we're notified monthly of what that  
17 is. So we're very accustomed to being  
18 notified monthly of whatever that is.

19 MR. GITTLE: And that lingo that you  
20 just mentioned was a base part of how we  
21 formed this and took a look at things like  
22 credit card statements and how they present  
23 data. We've arrived at this. Technically,  
24 we are ready to launch. There are some



1 compliance hurdles and some things that  
2 we're signing off internally. We've picked  
3 a date of September 1st, and we can be  
4 ready technically to do that.

5 CHAIRMAN CROSBY: Great. Thank you,  
6 Mr. George, too, for your oversight here.  
7 Is that it? We will switch over to Wynn.

8 COMMISSIONER CAMERON: Thank you  
9 everybody, really good numbers. You can  
10 see the effort is there, so appreciate it.  
11 Look forward to the event in September.

12 COMMISSIONER ZUNIGA: Mike, can we  
13 do a break for minute? Let's do a break.

14  
15 (A recess was taken)

16  
17 CHAIRMAN CROSBY: We're ready to  
18 reconvene. We are still with Ombudsman  
19 Ziemba.

20 MR. ZIEMBA: Thank you,  
21 Mr. Chairman. So next up we have the  
22 quarterly report for the second quarter for  
23 Encore Boston Harbor. We're joined by  
24 Robert DeSalvio, President of Encore Boston

1 Harbor, Jacqui Krum, Senior Vice President  
2 and General Counsel and Peter Campot,  
3 Director of Construction. Let me turn it  
4 over to Bob.

5 MR. DESALVIO: Thank you, John.  
6 Good afternoon, Commissioners. Very  
7 pleased to report there's been significant  
8 progress on the site since our last  
9 quarterly update. And while I know the  
10 entire team is dedicated to getting the MGM  
11 up and running, I would suggest after the  
12 opening and when you can catch your breath,  
13 please call to arrange for some tours  
14 because I think you'd be very impressed at  
15 progress since our last quarterly update,  
16 and it's going really quickly on site. I  
17 want to say before I turn it over to  
18 Peter say --

19 CHAIRMAN CROSBY: I just highlighted  
20 Janice to --

21 MR. DESALVIO: To get some tours  
22 maybe in the fall would be great. Before I  
23 turn it over to Peter to jump right into  
24 the construction update, Peter, thank you

1           for you and the team and John Fish at  
2           Suffolk for really moving this thing  
3           forward. So with that, I'm going to turn  
4           it over to Peter Campot.

5                     MR. CAMPOT: Good morning.

6                     COMMISSIONER CAMERON: Good  
7           afternoon.

8                     MR. CAMPOT: Afternoon, yes. I'd  
9           like to point out that we're going to put  
10          up the first letter of the sign on the  
11          north side of the building tonight, and  
12          it's static.

13                    COMMISSIONER CAMERON: Thank you.

14                    COMMISSIONER ZUNIGA: No moving.

15                    MR. CAMPOT: We're on schedule. We  
16          have 314 days to go. I'd like to point out  
17          before I go too much forward that the team  
18          is just -- I'm working with a great bunch  
19          of people, the construction managers,  
20          Suffolk is doing a great job. We have 150  
21          people in the office there. The design  
22          team and everybody is really pulling it  
23          together to make it happen. All of the  
24          trade partners have been doing a great job

1           and the entire workforce has just been  
2           outstanding, and they're all excited about  
3           the job and the quality has been excellent.

4                     We're averaging about 1,600 workers  
5           a day on site. Most of those are in the  
6           first shift with selected trades on the  
7           second shift. We're 69 percent complete  
8           from a time standpoint, 66 complete from a  
9           labor standpoint and just over 70 percent  
10          complete from a cash standpoint. So we're  
11          tracking really well, and we're excited  
12          about that.

13                    I wanted to point out that in this  
14          presentation that Jacqui insisted that I  
15          use June 30th photos, I want permission  
16          next time to use current ones because we've  
17          made a tremendous amount of progress in the  
18          last six weeks.

19                    If we go to the next slide I'll show  
20          you -- so in the site work, we planted  
21          about 60 or 70 percent of all the major  
22          trees and all the walkways are being  
23          installed. And you will see on the South  
24          Peninsula we're on schedule to complete the

1 South Peninsula by the 1st of September.  
2 There will be some minor plantings, but  
3 that includes the natural -- the artificial  
4 turf on the South Peninsula. Then at the  
5 front entry on Broadway, we're also those  
6 planting large trees are planted. And we  
7 probably have about 75 percent of the  
8 pavement installed, and we'll continue to  
9 work with that around the entire site.

10 There's a view of the South  
11 Peninsula. It's much more developed today.  
12 Keep going. So the walkway, which is just  
13 fantastic. The garage structure, we're  
14 punching out the B4 and B3 levels. Those  
15 will be ready to be turned over in October.  
16 We won't be using them, but we will  
17 complete them and get the punch list done.  
18 The B2 level is right behind that, and the  
19 B1 level is also in great shape. We're  
20 using those for temporary storage. We'll  
21 turn those over later, but we they are all  
22 essentially complete.

23 This is an image of the front of the  
24 casino. That is all enclosed now, all the

1 stone. There's a little bit of green  
2 sheathing left where the bus entry is, but  
3 that's all almost complete. You can see on  
4 the podium there's an image of the tower.  
5 That curtain wall is complete now to the  
6 roof.

7 CHAIRMAN CROSBY: You mentioned you  
8 were putting up the first letter you said  
9 on the north side.

10 MR. CAMPOT: The north side.

11 CHAIRMAN CROSBY: Are you going to  
12 have signs on both north and south?

13 MR. CAMPOT: North and south.

14 CHAIRMAN CROSBY: So the big one  
15 will be south, but there's going to be --

16 MR. CAMPOT: South. The Encore name  
17 is slightly smaller on the north side.  
18 Because as the building swoops, the E had  
19 to be smaller to fit that in. It starts  
20 tonight.

21 COMMISSIONER ZUNIGA: Oh, the  
22 capital E is much as the other --

23 COMMISSIONER STEBBINS: It's on the  
24 lower end.

1                   COMMISSIONER ZUNIGA: It's on the  
2 lower end.

3                   MR. CAMPOT: So that will be done  
4 this week. And the south side will be done  
5 the first week of September. The tower  
6 cranes, just for the record, are scheduled  
7 to come down the next 30 days. The first  
8 one comes down starting about the 20th.  
9 That's a big milestone for us to get those  
10 tower cranes down. That allows us to  
11 finish where they penetrate the roof and  
12 the podium level. So that's a big  
13 milestone. And the temporary hoist is  
14 scheduled to come down to mid-September,  
15 and that allows us to enclose the remaining  
16 pieces of the tower and, you know, finish  
17 those rooms up that we left out.

18                   The podium gaming -- go to the next  
19 image. So the light fixtures are actually  
20 hung in this space right now, and we are  
21 installing the raised flooring. We had  
22 about 20 to 25 percent of the raised  
23 flooring is all in the gaming area. The  
24 gaming area is about a month ahead of

1           schedule right now, which is great because  
2           that will allow us to move the gaming  
3           machines in. As everybody knows, that's  
4           crucial to have the time to install those  
5           timely. So that's continuing to develop,  
6           and we're right on schedule.

7                     This is the center bar area. And,  
8           again, the stairways are open now and we  
9           are installing the railings on those  
10          stairways as you go up to the upper limit  
11          gaming. The convention area is about a  
12          month ahead of schedule. The facade is  
13          more developed and you can see now, I  
14          think, the next -- that's in end. There's  
15          another view of the tower and the  
16          development of that facade, but that's  
17          mostly enclosed now. We're installing the  
18          glazing in those openings as you come  
19          around in the convention center.

20                    The building is completely weather  
21          tight at this point. The hotel tower,  
22          we're installing the drywall on the 27th  
23          floor. Floors 5, 6, 7 and 8 are almost  
24          complete. We're carpeting floors 5 and 6



1 right now as we speak. Tile is up to about  
2 the 16th floor. That's always one of our  
3 finishes because a ton of stone -- one of  
4 our challenges making sure that we have  
5 enough people for the finishes. That's  
6 proceeding just as planned, if not better,  
7 so we're pretty excited about that. So the  
8 whole assembly line of the tower is on  
9 schedule to start turning those rooms over  
10 in December.

11 Then you can see a view here of the  
12 curtain wall and of the Mystic River. But  
13 that curtain wall is complete up to the top  
14 of that structural steel on the south side.  
15 There is only about may 80 panels left to  
16 go. So the curtain wall will be complete  
17 100 percent in two weeks.

18 COMMISSIONER CAMERON: That's a  
19 great picture, great view.

20 MR. CAMPOT: I was up there  
21 yesterday at the very top of the swoop  
22 380 feet. The views are spectacular. It's  
23 really amazing. And that's just a view of  
24 the skyline.

1                   COMMISSIONER ZUNIGA:  There's  
2                   nothing behind the swoop, right, on the  
3                   roof?

4                   MR. CAMPOT:  No.  Just structural  
5                   steel, elevated machine room, that type of  
6                   thing.  We're on schedule.  If there is any  
7                   particular questions, I think I covered  
8                   most of it.

9                   COMMISSIONER CAMERON:  I just had a  
10                  question.  You mentioned artificial turf.  
11                  So in between all those plantings you're  
12                  going to use turf.

13                 MR. CAMPOT:  Yes.  Well, in the  
14                 center area, there's an artificial lawn,  
15                 and there's two smaller areas either side  
16                 that there's an artificial lawn.  
17                 Everything else between those plantings is  
18                 100 percent planted with shrubs or flowers.  
19                 We're staring to plant the roses out there  
20                 right now.  It's really beautiful.

21                 COMMISSIONER CAMERON:  So everything  
22                 will be planted out other than some turf  
23                 areas in the middle.

24                 MR. CAMPOT:  That's right.

1                   CHAIRMAN CROSBY:   So no natural  
2                   grass.   You don't use any natural grass,  
3                   just turf.

4                   MR. DESALVIO:   Just to comment on  
5                   that event lawn, that space is about 20,000  
6                   square feet and it's going to get a  
7                   tremendous amount of use.   And if you went  
8                   with regular grass, you know, you look  
9                   great the first day, then you start putting  
10                  a tent up and run events on it and then you  
11                  put some rain it, and then next thing you  
12                  know it's just mud.

13                  So for that area, similar to what we  
14                  do in Las Vegas, there's certain areas  
15                  where you put artificial product, and  
16                  especially in a high use area like that,  
17                  just makes all the sense in the world but  
18                  everything else is, you know, all natural  
19                  landscape.

20                  COMMISSIONER CAMERON:   And the newer  
21                  turfs are pretty realistic looking.

22                  MR. DESALVIO:   They are great  
23                  looking.   And they will give us, again, the  
24                  flexibility to use that.   It has drainage

1 components that are built into it. So  
 2 you're not worried about puddling or  
 3 flooding or any of that, so it's good for  
 4 us.

5 MS. KRUM: And it looks much better  
 6 during the winter, too.

7 CHAIRMAN CROSBY: What has been your  
 8 experience with the labor force; have you  
 9 had any trouble -- you said you were  
 10 concerned about maybe getting the people  
 11 for the tiles.

12 MR. CAMPOT: If you remember before,  
 13 one of my challenges I've always been  
 14 worried about is getting enough high  
 15 quality tradespersons for the finishes. To  
 16 date, we've had no problem at all. The  
 17 response has been great, really, really  
 18 terrific. One other point I wanted to make  
 19 is the marquee sign on Broadway is  
 20 scheduled to be erected in September, so  
 21 that's pretty exciting.

22 CHAIRMAN CROSBY: Also static.

23 MS. KRUM: Also static.

24 MR. DESALVIO: No video screen on

1           that one.

2                   COMMISSIONER STEBBINS:   There's a  
3           note in the bigger report on page seven.  
4           It said back in April that you filed a  
5           license application for phase one of the  
6           DCR harbor walk connector project.   Can you  
7           just kind of refresh our memory as to what  
8           piece of the connector that is?

9                   MR. CAMPOT:   So we have that permit  
10          for phase one, and that's the first piece  
11          that connects us over to the DCR property.  
12          We also have permission almost there for  
13          phase two also.   So we expect to do phase  
14          one and phase two this fall.   So we'll put  
15          that walkway in from our property all the  
16          way over to DCF.

17                   COMMISSIONER STEBBINS:   Great, thank  
18          you.

19                   MR. DESALVIO:   Jacqui?

20                   MS. KRUM:   Sure.

21                   CHAIRMAN CROSBY:   One second,  
22          Jacqui.   What about, either both of you,  
23          where are we on the possibility of the  
24          bridge?

1 MS. KRUM: I was actually just going  
2 to address that. Before we get into  
3 off-site infrastructure, I know that there  
4 were questions about the pedestrian bridge.  
5 So our corporate team has authorized us to  
6 go ahead with the design and permitting for  
7 the bridge. So we will be paying for that.  
8 Obviously it will have to be done in close  
9 coordination with both DCR and DOT and  
10 MBTA.

11 So there's a number of components to  
12 this. One is, the actual bridge of course,  
13 but it connects over to the DCR park. And  
14 we're working with DCR to see how that can  
15 be redeveloped, and if we can get a  
16 connection into the head house, which will  
17 connect us to the Assembly Row T-station.  
18 You know, the last thing we want is a  
19 bridge that drops off in the middle of  
20 nowhere and people don't have access, and  
21 it's very difficult to cross the tracks at  
22 that point. So it would add a substantial  
23 amount of walking if it just dropped off  
24 into the DCR park. So we're working very

1           closely with all the different agencies,  
2           including John. And we hope to have more  
3           of a report as we move forward.

4                     CHAIRMAN CROSBY: Great.

5                     MS. KRUM: On the off-site  
6           infrastructure, as you know, we've broken  
7           it into four different packages. The first  
8           one, which we call as CP-1, which is  
9           Broadway and the truck route, has been our  
10          biggest challenge to date. What we have  
11          been trying to do is coordinate with  
12          Eversource who received permission to put  
13          in a transmission line along the same  
14          routes. And for obvious reasons, both the  
15          city and Eversource and we all wanted to  
16          coordinate that efforts so we weren't  
17          rebuilding all the streets, and then having  
18          Eversource come in sometime within a month  
19          or a year later and ripping out the streets  
20          and putting in a transmission line.

21                    We've been in close coordination  
22           with Eversource. But for various reasons,  
23           they are significantly delayed on their  
24           project. And we're trying work out how we

1 can add extra shifts, how they can add  
2 extra shifts and try to get back on  
3 scheduled whether we just need to go ahead.

4 We do have a plan currently, but  
5 it's a very tight plan. It does have all  
6 the work complete before opening, but it  
7 would mean that we would have to go back in  
8 the spring rather than finishing up in the  
9 fall.

10 On CP-2, this is Route 16. And as  
11 you can see, we're scheduled to complete  
12 this fall. On CP-3, this is Malden and  
13 Wellington and the MBTA station also on  
14 schedule to complete this fall. And CP-4  
15 is Sullivan Square and the MBTA station.  
16 The work that we're doing in the actual  
17 station has been more time-consuming than  
18 we anticipated, but we are still on  
19 schedule to complete this fall.

20 COMMISSIONER STEBBINS: Jacqui, I  
21 noticed on this graph you have some things  
22 that start green, which is work completed  
23 and then they extend to pink, which is  
24 delayed.



1 MS. KRUM: That shows the delay --  
2 so that isn't work completed. Sorry, that  
3 is the work that should have been completed  
4 by that time, but it's been delayed through  
5 the yellow.

6 COMMISSIONER STEBBINS: Okay.

7 COMMISSIONER ZUNIGA: But they don't  
8 appear to be in the critical path.

9 MS. KRUM: No. If we needed to go  
10 back in the spring for any of this, we  
11 could. But our goal is to try to get it  
12 done in the fall. Bob?

13 MR. DESALVIO: Great. I wanted to  
14 provide an update on our diversity in the  
15 project. The design phase, not too much  
16 new there. Our goal on the MBEs was  
17 7.9 percent and we are finishing up at  
18 about 8.9 percent, exceeding that goal.  
19 The WBE goal, which was 10 percent, we're  
20 currently at about 7.8, and we have been  
21 over the last few quarters trying to add  
22 whatever we could on that particular goal.  
23 On the veteran goal it was one percent, and  
24 we far exceeded that at 6.6. So, overall,

1 the goal was 18.9, and we came in at a very  
2 strong 23.3 percent over our initial goal.  
3 And the design work is pretty much wrapping  
4 up at this point.

5 The contracting side has been an  
6 incredible story. On the MBE front, we are  
7 five percent goal. We are at about six  
8 percent currently, and that represents  
9 about \$75 million worth of work. The WBE  
10 goal was 5.4, and we're at 10.8 percent and  
11 over \$136 million. And the VBE goal was  
12 one percent. We're at about 2.6 percent  
13 currently hovering a little over  
14 32 million.

15 So in total, we had a goal of  
16 11.4 percent. We're currently running  
17 17.4 percent, and that represents  
18 \$218 million worth of work on a total of  
19 about 230 contracts. So we're very pleased  
20 with the effort that the team has put forth  
21 on trying to be as inclusive as possible.

22 On the construction workforce, we're  
23 doing very well there as well. On the  
24 minority front, we had a goal of

1           15.3 percent. We're currently hovering  
2           just below 25 percent at 24.9. Our female  
3           numbers have been very impressive. A goal  
4           of 6.9, and we're right at 6.8. So we're  
5           hovering right around the goal.

6                     And I'm sure you probably saw this  
7           week, but this was the subject of a really  
8           great feature that Contessa Brewer did with  
9           CNBC. They came and visited our property.  
10          They spoke with the commission. They spoke  
11          with MGM and that story got spun out all  
12          over the place. Lots of nationwide  
13          coverage on that, because both our projects  
14          and MGM are far exceeding what is the  
15          typical norm of two to three percent for  
16          females in the construction workforce, and  
17          we've been far exceeding that number. And  
18          it was really a great story, and got lots  
19          of national attention.

20                    On the veteran goal, we had a goal  
21          of three percent. We're currently over  
22          double that. It's 6.4 percent. So, again,  
23          another great story this quarter as well on  
24          the construction workforce.

1           The outreach is three pages and I  
2           was looking at this, and in some months  
3           it's almost an event a day. And, so, we  
4           have people all over the place covering  
5           just an amazing variety of local and  
6           community and diverse organizations to try  
7           to get our word out. It's been extremely  
8           successful. The job events have been very  
9           encouraging, including one we just had  
10          recently in Everett that we had a morning  
11          and an evening session that was terrific.

12                 So I will not -- I'm not going to  
13          read you all these names, but you can see  
14          that it's really a very, very wide  
15          cross-section of community groups and our  
16          team has done a wonderful job in terms of  
17          doing that outreach. So with that, I want  
18          to open it up for questions from any of the  
19          Commissioners.

20                 COMMISSIONER STEBBINS: Bob, this is  
21          an impressive list. Is it a combination of  
22          kind of site updates versus vending  
23          opportunities versus employment  
24          opportunities? I mean, is it an equal mix

1 or is it predominantly in the workforce  
2 side?

3 MR. DESALVIO: It's going to move  
4 more towards workforce as we obviously are  
5 going to get into that very large hiring  
6 wave after the first of the year, and you  
7 can't do that in a short window. So there  
8 is a lot of prep work to that hiring wave.  
9 So I looked out the other day at what Jenny  
10 and the employment team were doing, and  
11 it's skewing now much more towards  
12 workforce.

13 And then right behind that, we're in  
14 the process of preparing for the commission  
15 the vender goals. So it's going to move  
16 from a heavy emphasis in employment to  
17 right behind that on procurement for goods  
18 and services for after we open. So we kind  
19 of tailor the events to what the current  
20 needs are, but right now it's going to be a  
21 big spike in employment events.

22 MS. KRUM: But there's also a  
23 significant part of community outreach.  
24 So, you know, last week or the week before,

1 we had a whole team from our office go out  
2 and pull the water chestnuts from the  
3 Mystic River. It was a great event.

4 COMMISSIONER CAMERON: Really, wow.

5 CHAIRMAN CROSBY: Jill has got some  
6 very fit, positive feedback on your  
7 workforce development plan. One  
8 professional wrote that he'd never seen a  
9 workforce development plan as impressive  
10 and as comprehensive as that in his life.  
11 He was a professional in the business, and  
12 also saw the doorknockers that you are  
13 putting out in Everett. Where are those  
14 going?

15 MR. DESALVIO: They did them all  
16 throughout the community. And one of the  
17 main goals was to promote the event that we  
18 just had and, you know, the mayor was there  
19 and a lot of the city councilors. And as I  
20 mentioned, we did two sessions, one at  
21 eight in the morning and one at six in the  
22 evening. We had lines out the door and  
23 down the street. We had to do crowd  
24 control at a hiring event. And people were

1 walking around saying, I don't get this. I  
2 thought there was low unemployment and yet  
3 we were just jammed out there.

4 So it tells us that, yes, there is  
5 low employment but, I think, our story is  
6 really positive. And if people are looking  
7 for a career and want to be with a company  
8 for a long time, hopefully we will be a job  
9 of choice because we were very, very  
10 impressed with the results. People came  
11 in. They were well-dressed. They had  
12 resumes. We brought in all of our  
13 department head so they could literally in  
14 one room just go around and make stops at  
15 about 15 different tables and check in with  
16 department heads.

17 So, you know, and the mayor he  
18 really was -- when you think about his  
19 involvement with the project, his number  
20 one item was jobs for Everett residents.  
21 He loved the project. But for him, it was  
22 a lot about the employment and he couldn't  
23 have been more proud, I think, at that  
24 event when he saw that finally after all

1           this time this is where the fruits of the  
2           labor really paid off.

3                     And the doorknockers was a great  
4           idea to just go out there and literally let  
5           people know that there was an event coming  
6           up and also to introduce our web portal and  
7           what's going on. There is a lot of  
8           excitement about that.

9                     CHAIRMAN CROSBY: I've used those  
10          many times in political campaigns and days  
11          gone by, but I don't know that I've ever  
12          seen that for employment or even a  
13          business.

14                    MR. DESALVIO: It works. Got people  
15          out. It was great news.

16                    COMMISSIONER CAMERON: I saw it as  
17          well and thought it was a great idea. And  
18          obviously your numbers -- all of your  
19          efforts are really paying off. It's just  
20          really nice to see how much effort and the  
21          results are there, so really good work.

22                    MR. DESALVIO: Thank you. Thanks,  
23          Commissioner.

24                    COMMISSIONER ZUNIGA: I share the



1 same thoughts. Can I go back a little bit  
2 to the Eversource? You mentioned the  
3 effort is tight. Of course you cannot  
4 control all of it. There are some  
5 requirements that you have to do, but it's  
6 behind the Eversource work. Can you speak  
7 a little bit about what would be the  
8 situation if they continue to have their  
9 delay on their side?

10 MS. KRUM: Yes. So we've had  
11 numerous meetings with them and the City of  
12 Everett. And one of the things that we are  
13 considering is whether at some point we  
14 just go ahead with the work that we need to  
15 do. Unfortunately, that means they would  
16 have to come back at a certain point and  
17 rip a portion out and go back and do that,  
18 but that's certainly under consideration.

19 We're also talking to our contractor  
20 to see what we can do to really expedite  
21 that work in the springtime. So they seem  
22 confident that if Eversource does what they  
23 need to do over the course of the fall and  
24 a little bit into the winter that they can

1 do that in time. We just would have liked  
2 to have finished the work in the fall so...

3 MR. DESALVIO: Yes. You remember  
4 our original schedule we had said if we  
5 could, we'd love to do all that roadwork in  
6 this calendar year, and then we just  
7 wouldn't have to worry about it next year.  
8 But this one piece, unfortunately, dragged  
9 out a little bit. But that's why we left  
10 ourselves a good buffer in there for just,  
11 you know, you start roadwork and you never  
12 know what is going to happen. So I'm glad  
13 we left a little buffer, and hopefully we  
14 can catch that up, and we will make sure we  
15 are done by the spring.

16 MS. KRUM: And Eversource has gone  
17 back to the city and asked for some relief  
18 in terms of the times of day that they can  
19 work and the number of crews that they can  
20 have. So the city has been very  
21 accommodating in getting that done.  
22 Obviously, we're trying to balance that  
23 with significant traffic delays along the  
24 Broadway area. And so, I think, the

1           nighttime work has certainly gone a long  
2           way.

3                   COMMISSIONER ZUNIGA: And, remind  
4           me, that work is related to the casino or  
5           not?

6                   MS. KRUM: No, it's completely  
7           unrelated. It's a transmission line that  
8           goes through Chelsea, Everett and other  
9           communities, and we were just trying to  
10          coordinate.

11                  COMMISSIONER ZUNIGA: Sure. Well,  
12          it would be a pity if we ever have to find  
13          ourselves in a situation where you have to  
14          do the work for compliance with 23K, and  
15          then somebody else is going to go rip that  
16          work out later on.

17                  CHAIRMAN CROSBY: Section 61, yes.

18                  MS. KRUM: Well, as you can  
19          appreciate, too, what we don't want is to  
20          be open and then they open the streets  
21          again. And I must say, Eversource has been  
22          working with us in good faith to do this.  
23          They've run into delays that were frankly  
24          unanticipated. You know, they've hit

1 utilities that they didn't anticipate, so  
2 that requires research. And it is a  
3 coordinated effort to get it done.

4 CHAIRMAN CROSBY: Great. Anybody  
5 else?

6 COMMISSIONER ZUNIGA: Thank you.

7 CHAIRMAN CROSBY: Great. Thank you  
8 very much.

9 MR. DESALVIO: Thanks,  
10 Commissioners.

11 CHAIRMAN CROSBY: All right. Item  
12 No. 7, racing division.

13 COMMISSIONER STEBBINS: You skipped  
14 6.

15 CHAIRMAN CROSBY: I'm sorry, what  
16 was 6?

17 COMMISSIONER CAMERON: Paul.

18 CHAIRMAN CROSBY: Nothing personal.

19 MR. CONNELLY: No offense taken.  
20 Mr. Chairman, Commissioners, I have before  
21 you today 11 positions to consider for  
22 exemption. These positions are all at MGM  
23 Springfield. One is an MGM Springfield  
24 employee in the bowling alley, and the

1 remaining are all at western Mass. News.  
2 These are all in line with previous  
3 exemptions that have been granted. I  
4 reviewed these with MGM and found them all  
5 to be suitable in terms of the criteria  
6 that the Commission set forth earlier this  
7 year, and I'm recommending that they be  
8 exempted.

9 COMMISSIONER STEBBINS: Paul, quick  
10 question. The bowling alley attendant  
11 position, do we know how many jobs that  
12 actually translates into, like how many  
13 people they actually plan to hire for that  
14 position?

15 MR. CONNELLY: I do not have an  
16 exact number, the headcount for that.

17 COMMISSIONER ZUNIGA: Must be a  
18 handful.

19 MR. CONNELLY: I believe it would be  
20 a handful. I think of a typical, you know,  
21 having seen the bowling alley, the number  
22 of lanes, how busy it will be, a couple of  
23 shifts per day, so it would be a good  
24 number of folks but certainly not a

1                   tremendous number.

2                   COMMISSIONER STEBBINS:   Okay.

3                   COMMISSIONER ZUNIGA:   Who's western  
4                   Mass. News, a tenant of the --

5                   MR. CONNELLY:   That's correct.  They  
6                   are a tenant right off of the outdoor  
7                   plaza.  So in that block there, they have  
8                   western Mass. News will be a tenant.  They  
9                   will produce news in that space, you know,  
10                  with kind of the floor to ceiling window.  
11                  So as I've heard it described, it's going  
12                  to be pretty interesting walking by you  
13                  will be able to see the business of news  
14                  happening, so to speak.

15                  COMMISSIONER STEBBINS:   I think it's  
16                  the old Channel 40 ABC affiliate in  
17                  Springfield.

18                  COMMISSIONER ZUNIGA:   I agree with  
19                  the recommendation.  I'm just curious as to  
20                  why we didn't exempt them from the getgo or  
21                  deem them to be perhaps questionable of  
22                  exemption, but I agree with the  
23                  recommendation.

24                  MR. CONNELLY:   Sure.  And a lot of

1           that, Commissioner, it's a good point.  
2           It's because some of these positions  
3           weren't really identified until this point  
4           in time. So we have been kind of taking  
5           them as they come, which is why, for  
6           example, the bowling alley attendant is an  
7           MGM employee. It's a newer position that  
8           they've created frankly, I think, out of  
9           whole cloth. Because as far as I'm aware,  
10          I don't know if there's another bowling  
11          alley attendant at MGM. I could be wrong.  
12          I know they have to generate these  
13          positions at a corporate level and cascade  
14          them down.

15                 So there will, which brings up the  
16          point, this won't be the last time, I  
17          imagine, I'm in front of you. Certainly  
18          not -- Encore, there's the entirety of the  
19          work really there to be done. Plainridge  
20          there could be additional exemptions as  
21          well as MGM in terms of requests that I  
22          might bring before you.

23                         CHAIRMAN CROSBY: Other discussion?

24                         COMMISSIONER STEBBINS: Mr. Chair,

1 I'd move that the commission approve the  
2 gaming service employee exemptions as  
3 provided in the packet.

4 CHAIRMAN CROSBY: Second?

5 COMMISSIONER ZUNIGA: Second.

6 CHAIRMAN CROSBY: Any further  
7 discussion? All in favor? Aye.

8 COMMISSIONER CAMERON: Aye.

9 COMMISSIONER O'BRIEN: Aye.

10 COMMISSIONER STEBBINS: Aye.

11 COMMISSIONER ZUNIGA: Aye.

12 CHAIRMAN CROSBY: Opposed? The ayes  
13 have it unanimously.

14 MR. CONNELLY: Not forgotten but  
15 brief.

16 CHAIRMAN CROSBY: Now Item No. 7,  
17 Dr. Lightbown.

18 MS. LIGHTBOWN: Good afternoon,  
19 Commissioners. Today the first item on the  
20 agenda is the Suffolk Down request for  
21 additional race days. They've asked for  
22 September 15th and 16th to be added, and  
23 along with that request comes the request  
24 for 1.1 million in racehorse development



1 funds for the purse money, which is  
2 consistent with what they have been  
3 spending over the weekend so far. Today  
4 I've got Bruce Barnett, Legal Counsel and  
5 Jessica Paquette, Communications Director  
6 from Suffolk if you have any questions.

7 COMMISSIONER CAMERON: I know there  
8 was a concern last year because of football  
9 or whatever else happens in September you  
10 didn't do quite as well with the September  
11 dates as you did with the summer dates.  
12 The same concern this year or...

13 MS. PAQUETTE: I would have to go  
14 back and check the numbers from last year.  
15 I think we're early enough into the  
16 football season with the preseason would be  
17 opening.

18 CHAIRMAN CROSBY: Julian Edleman  
19 won't be playing anyways.

20 COMMISSIONER CAMERON: It is a way  
21 for our local folks to race and others, and  
22 certainly I agree with the recommendation  
23 to allow these dates.

24 CHAIRMAN CROSBY: And it always

1           seems to generate enthusiasm and pretty bit  
2           of audience and hopefully tells our  
3           legislature that, yes, there should be a  
4           future for thoroughbred racing, so that's a  
5           positive too. Any other comments?

6                   COMMISSIONER ZUNIGA: It's not a  
7           question for the request. But how was the  
8           last weekend, the one was that was the last  
9           minute or the last day in jeopardy of not  
10          coming to fruition?

11                   MS. LIGHTBOWN: They did well. We  
12          really didn't have horses that scratched  
13          because of the legislative thing. I think  
14          it was resolved early enough that everybody  
15          still came that wanted to. There was a lot  
16          of rain earlier in that day, so the races  
17          came off the turf except for the big race  
18          they were going to have. So there were  
19          horses that scratched for that reason, but  
20          that could happen any time.

21                   MR. BARNETT: I don't know,  
22          Commissioners, if you've had the pleasure  
23          of meeting Jessica Paquette, Communications  
24          Director, but Chip sends his regards and

1 his apologies for not being able to be  
2 here. Between the two of us, we're hoping  
3 to maybe make up for the gap but ask her if  
4 she has anything to say about last weekend.

5 MS. PAQUETTE: I thought the weekend  
6 went very well. We did have, like Dr.  
7 Lightbown said, the races came off the turf  
8 but I didn't think they were really that  
9 many scratches considering the field size  
10 really held up for both days of the  
11 weekend, and the crowds were good. We had  
12 a pretty solid crowd on both days. Even  
13 with the rain, I think some of the  
14 uncertainty leading up to it at least made  
15 people excited to come out once they  
16 realized they could.

17 COMMISSIONER CAMERON: I had the  
18 opportunity to attend Sunday's races, and  
19 Executive Director Bedrosian did as well,  
20 and we both got to attend the George Brown  
21 memorial race, which was a very nice  
22 tribute and very good race, too. So,  
23 anyway, just wanted to add that that it was  
24 really nice to be there and feel that

1 energy again.

2 COMMISSIONER STEBBINS: Mr. Chair, I  
3 also support the request and Dr.  
4 Lightbown's recommendation. I did have a  
5 question, though. Is there -- just looking  
6 at the other item on your agenda about the  
7 Mass. breeders requesting a race at Finger  
8 Lakes, does that impact your ability to  
9 field Mass. bred races for the dates you  
10 have in September?

11 MS. LIGHTBOWN: My understanding is  
12 that the Mass. breeders are planning on  
13 trying to race the Norman Hall stakes, and  
14 that one hasn't been able to be raced at  
15 Suffolk, and that would be nice if it could  
16 be done at Suffolk this year. It's for two  
17 year olds, so they are not typically ready  
18 that early in the season so it needs to be  
19 run later.

20 So my understanding is that's going  
21 to be aimed for the September dates, and  
22 the Mass. breeders are aware of the Suffolk  
23 request. And one of the reasons why they  
24 put in their request was to have races so

1           the horses would be fit still despite the  
2           six-week gap from the August date to the  
3           September date.

4                   COMMISSIONER STEBBINS:   Thank you.

5                   MR. BARNETT:   On the dates that I've  
6           seen for the breeders in the Finger Lakes,  
7           they don't have any September dates.  They  
8           have August, October, November, I think.

9                   COMMISSIONER STEBBINS:   They were  
10          looking for two in September but okay.

11                  MS. LIGHTBOWN:   That's an error on  
12          my part on the memo in my recommendation  
13          letter on the Mass. breeders, which I'll  
14          correct when I get to that part.  They are  
15          looking for -- let's see.  They're not  
16          looking for the September.  They're looking  
17          for October, November on their dates.

18                  COMMISSIONER STEBBINS:   Okay, thank  
19          you.

20                  MS. LIGHTBOWN:   So it doesn't  
21          interfere with Suffolk.

22                  MR. BARNETT:   If I might, since you  
23          brought up the Mass. breeders, we've  
24          usually taken pains to explain -- well, you

1 know, we don't have to explain to you that  
2 the racehorse development fund money, a  
3 portion of it is set aside for the breeders  
4 and a portion of it is general purses, and  
5 we usually explain how we run on behalf of  
6 the MTBA races, the stakes races where they  
7 use the breeders' portion of the money.

8 This year we've also done a few  
9 races from Mass. breds that are not part of  
10 the breeder's program. They are out of the  
11 rest of the general fund of the purse  
12 money. We've done a few of those so far.  
13 We're planning on a couple of them for the  
14 September weekend if you approve it to,  
15 again, increase the chance for the local  
16 horsemen to run it and earn some purse.

17 COMMISSIONER STEBBINS: Thank you.

18 COMMISSIONER CAMERON: So, Mr.  
19 Chair, I move that the Commission approve  
20 the request of Suffolk Downs for two  
21 additional days of racing, September 15th  
22 and 16, 2018 and that the Commission  
23 approve the additional \$1.1 million for  
24 purses for these dates.

1 CHAIRMAN CROSBY: Second?

2 Discussion? All in favor? Aye.

3 COMMISSIONER CAMERON: Aye.

4 COMMISSIONER O'BRIEN: Aye.

5 COMMISSIONER STEBBINS: Aye.

6 COMMISSIONER ZUNIGA: Aye.

7 CHAIRMAN CROSBY: Opposed? The ayes  
8 have it unanimously.

9 MR. BARNETT: Thank you very much.

10 MS. PAQUETTE: Thank you.

11 COMMISSIONER ZUNIGA: Thank you.

12 MS. LIGHTBOWN: Sorry for the delay.

13 We have an extra person on our agenda  
14 today, so I wanted to make sure I had  
15 everybody right. We have a request before  
16 us for the Massachusetts Breeders  
17 Association to race races at Finger Lakes.  
18 This is something the Commission has  
19 approved since the legislation changed, I  
20 believe, it was in 2015.

21 Today we have Catherine Reagan,  
22 board member, Arlene Brown, board member  
23 and secretary and Donna Parrera, board  
24 member if there is any questions.

1                   And as I stated in my memo regarding  
2                   this, I stated the months wrong. They've  
3                   got two in August. And then instead of  
4                   September, it should be October and  
5                   November. And they had a letter that  
6                   describes the different races they are  
7                   planning on racing. And as stated, they  
8                   are hoping to be able to race the Norman  
9                   Hall stakes in September at Suffolk. So if  
10                  you have any questions.

11                 CHAIRMAN CROSBY: Anybody?

12                 COMMISSIONER CAMERON: I know we had  
13                 one comment that was not in favor of this,  
14                 and we've gone through this before. And, I  
15                 think, until there is a full-time racetrack  
16                 in Massachusetts where these folks can run,  
17                 there is no perfect solution. But it is an  
18                 opportunity for the breeders to make their  
19                 money back. It's the only way they can  
20                 take that money is when they run races and  
21                 win races, so I'm in favor of allowing the  
22                 additional races.

23                 COMMISSIONER ZUNIGA: I was going to  
24                 speak to that comment, and perhaps ask a



1 couple of questions. The rational I've  
2 gone along with, but now we've become a  
3 little bit of an accumulative effect that  
4 makes us -- at least makes me wonder.  
5 There's always a provisional year that the  
6 legislation gets approved on and continues  
7 their uncertainty.

8 So can I ask, there has been a  
9 breeding program through this last year.  
10 What can you tell us relative to, you know,  
11 the incremental benefit on the most recent  
12 years with the moneys coming to the  
13 program? Are you seeing any change in  
14 activity? You mentioned two new foals in  
15 your letter here instructs me a little bit  
16 as anecdotal. But what else can you tell  
17 us relative to the actual breeding program?

18 MS. LIGHTBOWN: Tap the microphone.

19 COMMISSIONER CAMERON: And your  
20 name.

21 MS. BROWN: I've been in  
22 communication with someone outside of the  
23 state who represents mare owners, and they  
24 were inquiring about our breeders program.

1           They see that we can race in other states,  
2           and they wanted information on our breeders  
3           program because some of their mare owners  
4           were interested in dropping their foals  
5           here this year. So I sent them all the  
6           information, and they are very interested  
7           in it.

8           COMMISSIONER ZUNIGA: Which is a  
9           great sign. But what about actual  
10          breeding? What has taken place in the last  
11          couple of years?

12          MS. BROWN: I believe we have 13 two  
13          year-olds registered, which is down. As  
14          far as yearlings, we won't know until --  
15          yearlings get registered, which will be  
16          next. It's hard to tell until they are  
17          actually registered how many were dropped  
18          in the state.

19          MS. LIGHTBOWN: There was a  
20          noticeable drop after there became a  
21          shortened thoroughbred meet. There were,  
22          you know, usually around 35 or so foals a  
23          year, and Arlene can comment on that  
24          further. But once it happened it was known

1           there was going to be a shortened meet, it  
2           dropped down to about ten foals a year.  
3           And then there was enough to last year to  
4           13. Hope to improve on.

5                     And one thing we can do is this  
6           winter, Department of Agriculture also  
7           shares responsibility for the breeder  
8           program as well as the gaming commission.  
9           Some of the regs. are in 128, which is  
10          solely the agriculture regulations and then  
11          some of it is also in the gaming commission  
12          regs.

13                    And certainly one thing we could do  
14          over the winter is get together with the  
15          group and maybe brainstorm ideas that might  
16          help on the breeding end of it so it's not  
17          just a racing program where you are getting  
18          money for racing. Obviously that's  
19          important, but it's also important some of  
20          the other states have looked at different  
21          ways of encouraging the breeding aspect of  
22          it more.

23                    COMMISSIONER ZUNIGA: And where I  
24          was leading to -- thank you for that -- is

1           there a component here of an opportunity  
2           cost, meaning are we allowing these  
3           requests to go to races, to go purses and  
4           perhaps inadvertently keeping the money  
5           that would be available for actually  
6           breeding, you know, or is it purely a  
7           demand or a supply question in terms of  
8           breeders just not being interested in  
9           taking advantage of the breeding program  
10          because of the uncertainty and the short  
11          meet?

12                   MS. LIGHTBOWN: Yes. I think the  
13           uncertainty plays a big part of it.  
14           Certainly the idea is like increasing  
15           breeders' rewards can make a difference.  
16           There already are rewards like that in  
17           place for the owners of the stallion, the  
18           mare and that type of thing. But,  
19           certainly, one thing to look at is would  
20           increasing that help. Some of the other  
21           states pay people for the amount of time  
22           those horses are actually kept in the  
23           state, and that encourages that type of  
24           activity also. So there's different things

1           that can be looked at.

2           COMMISSIONER ZUNIGA: And, I think,  
3           one of those -- but my simple understanding  
4           of the breeding program is that this is the  
5           longest sort of long lead item in order to  
6           have -- let's just say that, you know, next  
7           year the legislature finally addresses  
8           this, you know, shortened renewal of the  
9           racing statutes, we would still need two  
10          years or more for the breeding program to  
11          come, you know, to come to fruition.

12          So if we were to assume that next  
13          year the legislature was going to address  
14          this with more certainty toward  
15          thoroughbred racing, couldn't this be an  
16          opportunity for us, for everybody, to start  
17          thinking about the two year lag that it  
18          takes to breed or until then where we can  
19          see a breeding program?

20          MS. LIGHTBOWN: If there was some  
21          type of a more long-term solution where  
22          there was a little more stability, it would  
23          encourage people to breed. And they do  
24          take the long-term view. They are looking

1 down the road two or three years. So if  
2 they look at the racing legislation and see  
3 that it looks like there's going to be a  
4 viable place for their horses to race in  
5 Massachusetts, maybe two or three years  
6 down the road, it will impact breeding  
7 right away. But, obviously, those horses  
8 wouldn't be in the pipeline to race for two  
9 or three years, but it would increase the  
10 breeding.

11 MS. REAGAN: I can tell you from my  
12 own personal observation that the last  
13 couple of years with the Finger Lakes  
14 program in conjunction with Suffolk Downs  
15 has produced a reliable target for breeders  
16 and owners to aim at and --

17 COMMISSIONER ZUNIGA: The 10 to 13,  
18 in other words?

19 MS. REAGAN: Exactly. So just what  
20 you saw today with Suffolk Downs, the  
21 breeders and the horsemen all working  
22 together for their date so they don't step  
23 on each others' toes, there's a place to  
24 go. There's a reasonable way to aim your

1 horses. That has produced the interest  
2 that Arlene was talking about. And in the  
3 letter, it referenced those two gentlemen  
4 that came to our meeting. They were very  
5 excited about this program.

6 I mean, they were talking about  
7 their investors that were also interested  
8 in the program and how -- I don't think I  
9 can adequately describe to you how much it  
10 takes to get a horseman out of the barn and  
11 go to a breeders meeting in Dedham on a  
12 weeknight. For them to come and drive as  
13 far as they did and explain their  
14 enthusiasm is kind of like a tip of the  
15 iceberg. There is a lot of enthusiasm, and  
16 you will see more foals in Massachusetts  
17 because of it. And it is directly related  
18 to a regular programming of races where  
19 they can count on purses.

20 COMMISSIONER CAMERON: And if  
21 someone were to come to fruition that  
22 someone was going to build a racetrack and  
23 they got all the right, you know, permits  
24 and legislative changes needed, would that

1 help the breeding program?

2 MS. REAGAN: Yes. They just need a  
3 target to aim at. That's it. Place to  
4 bring them, place to run them.

5 COMMISSIONER ZUNIGA: So on that  
6 note, if there was a sudden demand for more  
7 breeding money, and I know this is not how  
8 we think of the racehorse development fund,  
9 there's no pots, if you will, there is no  
10 reserves for any one of these, would you  
11 then be requesting or assuming a lot more  
12 of the money that's available for the  
13 breeding program; would you be able to  
14 expand it to respond to it?

15 MS. BROWN: That has been a little  
16 bit of a problem. Because as the amount of  
17 money for thoroughbreds decreases, so does  
18 the amount money for breeding decrease. So  
19 we've had to cut the number of stakes races  
20 we run, and we've had to cut the purse  
21 money for the stakes races, and that  
22 doesn't help encourage breeding when they  
23 see us having to cut so...

24 COMMISSIONER ZUNIGA: I guess that's



1           where I was going. If we're all spending  
2           the money on the races, does that come at a  
3           cost towards a potential demand, additional  
4           demand from the breeding program?

5                     MS. BROWN: Yes, it does.

6                     CHAIRMAN CROSBY: What did the --  
7           prior to Suffolk Downs closing, how was the  
8           thoroughbred -- how was the breeders' share  
9           spent; what was it spent on?

10                    COMMISSIONER ZUNIGA: It wasn't.

11                    MS. LIGHTBOWN: It was spent on  
12           purses for their races and breeder awards.  
13           When a horse races and they're a Mass.  
14           bred, the stallion owner and the mare owner  
15           get bonuses. So that money in addition to  
16           the purse money would come out of the part  
17           of their percentage of the handle.

18                    CHAIRMAN CROSBY: It's always been  
19           used. I think of it as sort of like we did  
20           in the women in construction, there's a  
21           demand side and a supply side. You know,  
22           you could use money to encourage people to  
23           have foals or to breed foals by paying  
24           incentives. If you have a foal, you'll get

1           some money. That's the supply side. The  
2           demand side is to have races with purses.  
3           And from this letter that we got from Ms.  
4           Adele Celine, he or she, whoever this is,  
5           was suggesting --

6                   COMMISSIONER CAMERON: He.

7                   CHAIRMAN CROSBY: Was suggesting  
8           that the supply side ought to have the  
9           money. That the money ought to go to  
10          incentives to breed directly as opposed to  
11          racing, which creates a demand for horses.  
12          It sounds like we've always -- the  
13          thoroughbred money has always gone in  
14          substantial amounts to purses, even back in  
15          the day when they were lots more horse  
16          racing, lots more thoroughbred racing going  
17          on.

18                  COMMISSIONER ZUNIGA: Well, there  
19          was no racehorse development fund back  
20          then. This is the money that we're  
21          overseeing.

22                  CHAIRMAN CROSBY: That's true. But  
23          it was for the first couple of years when  
24          we had a full --

1                   COMMISSIONER ZUNIGA: Yes. But I  
2                   suppose a lot of have it is driven by the  
3                   shorter meet. The shorter meet creates  
4                   this constraint on the demand or on the  
5                   supply side.

6                   CHAIRMAN CROSBY: We're talking  
7                   demand side.

8                   COMMISSIONER ZUNIGA: On the demand  
9                   side, which then gets us to these kinds of  
10                  requests can we then race elsewhere in  
11                  Finger Lakes and whatnot.

12                 MS. BROWN: What Mr. Celine says in  
13                 his letter it's not too far off the block.  
14                 The problem is we're bound by a law. We  
15                 tried to address that. We had an amendment  
16                 that went in, and that whole law got  
17                 changed and they just extended the Chapter  
18                 128, 129. So we have been trying to, but  
19                 we're bound by that law, you know. There's  
20                 only so much we can do.

21                 COMMISSIONER ZUNIGA: We've been  
22                 trying to make that point to the  
23                 legislature as well.

24                 CHAIRMAN CROSBY: We appreciate

1           that, too. Is there a debate within the  
2           breeder world as to the better way to spend  
3           money; do some people think it's best to  
4           put it on purses and other people think  
5           it's best to put it in direct incentives  
6           like payments for foals; is there a debate,  
7           a philosophical difference there?

8           MS. BROWN: We've discussed it. And  
9           like I said, we had an amendment going in,  
10          maybe a total rewrite of Chapter 128 as far  
11          as we were concerned. I mean, that law has  
12          been in effect for I don't how many years,  
13          but it has to be updated. But our hands  
14          are tied until we change that law.

15          CHAIRMAN CROSBY: So you can't  
16          use the --

17          MS. BROWN: The only awards that it  
18          allows in that law is 30 percent to the  
19          owner, 25 percent to a breeder and  
20          15 percent to a registered Massachusetts  
21          stallion for that horse. There are no  
22          other awards that we can change. We can't  
23          even change those percentages.

24          CHAIRMAN CROSBY: Out of the

1 breeders' share.

2 MS. BLUE: 128, this is the  
3 Agriculture Act, so that determines what  
4 they can do with their breeding money.

5 CHAIRMAN CROSBY: With their share.

6 MS. BLUE: Yes.

7 MS. BROWN: We realize there are  
8 other ways we can encourage breeding, but  
9 we're bound by that law. We keep trying to  
10 putting in --

11 CHAIRMAN CROSBY: So this person,  
12 Mr. Celine apparently doesn't understand  
13 that.

14 MS. BROWN: I think he does. He has  
15 been at our board meetings, I think every  
16 one of them. I think he understands that.

17 MS. LIGHTBOWN: I think there's more  
18 just a disagreement on how much money  
19 should be allocated. It's both of those  
20 ideas are important. You need the money  
21 for the racehorses for purse money, and  
22 then you also need the breeders' awards and  
23 both of those are important for a breeding  
24 program. And then it's just some people

1           have philosophical differences on how much  
2           should be allocated.

3           MS. REAGAN: A balanced approach to  
4           the --

5           MS. BROWN: And we don't argue that  
6           there shouldn't be other awards. It's just  
7           trying to get it done.

8           COMMISSIONER ZUNIGA: And it's this  
9           one-year extension that creates everything,  
10          all of these problems.

11          COMMISSIONER CAMERON: Mr. Chair, I  
12          move that the Commission approve the  
13          request to the Massachusetts Thoroughbred  
14          Breeders Association to run six additional  
15          races.

16          CHAIRMAN CROSBY: Second?

17          COMMISSIONER STEBBINS: Second.

18          CHAIRMAN CROSBY: Further  
19          discussion? All in favor? Aye.

20          COMMISSIONER CAMERON: Aye.

21          COMMISSIONER O'BRIEN: Aye.

22          COMMISSIONER STEBBINS: Aye.

23          COMMISSIONER ZUNIGA: Aye.

24          CHAIRMAN CROSBY: Opposed? The ayes

1 have it unanimously.

2 COMMISSIONER CAMERON: Thank you.

3 CHAIRMAN CROSBY: Good luck.

4 COMMISSIONER ZUNIGA: Thank you.

5 CHAIRMAN CROSBY: And we are on to  
6 Item 8, Commissioners' updates. We've got  
7 one from Commissioner Cameron already about  
8 Suffolk Downs. Any others, anybody? Well,  
9 we wish you well, Commissioner Stebbins, in  
10 your --

11 COMMISSIONER STEBBINS: Designated  
12 commissioner with no sleep.

13 MR. BEDROSIAN: Just for the record,  
14 this was the Commissioner's 250th meeting.

15 COMMISSIONER CAMERON: 250th, wow.  
16 Move to adjourn the 250th meeting.

17 CHAIRMAN CROSBY: All in favor?

18 Aye.

19 COMMISSIONER CAMERON: Aye.

20 COMMISSIONER O'BRIEN: Aye.

21 COMMISSIONER STEBBINS: Aye.

22 COMMISSIONER ZUNIGA: Aye.

23 CHAIRMAN CROSBY: We are adjourned.

24 (Meeting adjourned at 1:12 p.m.)

1 APPEARANCES:

2  
3 MASSACHUSETTS GAMING COMMISSION STAFF:

4 Catherine Blue, General Counsel

5 Edward Bedrosian, Executive Director

6 John Ziemba, Ombudsman

7 Michael Sangalang, Digital Communications

8 Coordinator

9 Loretta Lillios, Chief Enforcement Counsel

10 Todd Grossman, Staff Attorney

11 Paul Connelly, Director

12 Alex Lightbown, Director of Racing Division

13  
14 MGM SPRINGFIELD:

15 Mike Mathis, President and Chief Operating Officer

16 Seth Stratton, Vice President and General Counsel

17  
18 PLAINRIDGE PARK CASINO:

19 Lance George, General Manager

20 Kim Dixon, Vice President of Human Resources

21 Michele Collins, Vice President of Marketing

22 Ruben Warren, Vice President of Finance

23 Jason Gittle, Information Technology Director

24 Lisa McKenney, Compliance Manager



PENN NATIONAL GAMING/ GLPI:

Justin Sebastiano, Treasurer and Vice President

Jonathan Albano, Attorney

Brandon Moore, General Counsel

Monica Chang, Financial Investigations Supervisor

ENCORE BOSTON HARBOR:

Robert DeSalvio, President

Jacqui Krum, Senior Vice President and General  
Counsel

Peter Campot, Director of Construction

GUEST SPEAKERS:

Arlene Brown, Massachusetts Thoroughbred Breeders  
Association

Bruce Barnett, Attorney for Suffolk Downs

Jessica Paquette, Director of Communications

COMMONWEALTH OF MASSACHUSETTS

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

WITNESS MY HAND, this 23rd day of  
August, 2018.

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Kristen M. Edwards