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## Meeting Minutes

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**Date/Time:** August 1, 2016 – 10:00 a.m.

**Place:** Massachusetts Gaming Commission  
101 Federal Street, 12<sup>th</sup> Floor  
Boston, Massachusetts

**Present:** Chairman Stephen P. Crosby  
Commissioner Gayle Cameron  
Commissioner Lloyd Macdonald  
Commissioner Bruce Stebbins  
Commissioner Enrique Zuniga

**Time entries are linked to  
corresponding section in  
Commission meeting video**

### Call to Order

See transcript page 2

[10:00 a.m.](#) Chairman Crosby called to order the 196<sup>th</sup> Commission meeting. He noted that this meeting is a follow up to the Commission meeting held last week. He noted that the racing license applicant [Middleboro Agricultural Society] will address the legal issues.

### Racing Division

See transcript pages 3-73

[10:01 a.m.](#) Attorney Michael Morizio, representing the Middleboro Agricultural Society, stated that they heard the Commission was going to deny their request and George Carney had no interest in trying to go in a direction that the Commission was not wanting or willing to go. He stated that Mr. Carney has a passion for horseracing and has been in the industry for many years. He stated that he was surprised last week that the Commission staff believed that the law did not authorize the Commission to fund certain expenses and he is back at the Commission this week to address the legal issues. He noted that one way in which the Commission could exercise their discretion is to allow the horsemen to use the money to fund track expenses.

[10:07 a.m.](#) Chairman Crosby clarified for Attorney Morizio that the Commission's decisions are made in public and to disregard any rumors at the statehouse, and this is not about whether the Commission wants or doesn't want to do something for

horseracing, it's about what the law will permit us to do and then we'll exercise our discretion.

[10:09 a.m.](#) Commissioner Macdonald inquired if there was any precedent for horsemen to use their money for track expenses. Attorney Morizio stated that what the horsemen did with their money after running a race has never been subject to the Commission's jurisdiction.

[10:12 a.m.](#) Commissioner Cameron stated that she finds it hard to believe the characterization that they were surprised about the staff's position when there have been many meetings. She stated that she would have expected a memorandum for the staff to review. She also noted that they are requesting a large amount of money for only 15 days of racing. She stated that what is being requested, for all costs to be paid by the fund, is not done at other tracks. She stated that we need to be concerned about setting a precedent. She stated that we have a responsibility to make sure we use the money wisely.

Attorney Morizio responded that they are not creating a new precedent and the funds are not just for 15 days of racing, but for 4 months of stabling and training.

Attorney Robert Scarano, representing MassTHA (Massachusetts Thoroughbred Horsemen's Association), stated that the Commission doesn't have to worry about precedent with the other tracks because the other tracks have takeout from the handle and simulcast, they have monies available to them. He stated that the Commission has the discretion to allow the horsemen to use the money for expenses because it's consistent with what the fund is intended to do – to assist and promote racing.

[10:24 a.m.](#) William Lagorio, President of MassTHA, stated that he agrees it's a lot of money being requested but that the money will be also used for stabling and training. He cited backside operating expenses at other tracks. He noted that the expenses requested are in line with the rest of the country. He stated that nothing passed in the legislature that would help the horsemen go forward. He stated that he puts his faith in the Commission. He stated that \$1.4 million will put people back to work.

[10:31 a.m.](#) Commissioner Zuniga stated that he respects their efforts and that their analysis of the costs may be reasonable, but they may not be legal. He stated that he doesn't believe that the Commission has the authority to disburse monies from the Race Horse Development Fund into operational expenses. He stated that the fund was not established to fund administrative or private activity; it was to increase the quality of the product.

Attorney Morizio suggested that the Commission fund the purses for \$3.9 million and after the purses are paid, the horsemen can pay their expenses. He stated that what the horsemen do with the horsemen's funds afterwards is not a funding by the Commission, but it's a transaction between the horsemen and another party to make their industry work.

[10:38 a.m.](#) General Counsel Catherine Blue noted that money under 128A and 128C is not tax money, it is money that comes from doing business as a race meeting licensee. She also stated that a race meeting licensee is a business. She also noted that the Race

Horse Development Fund money comes out of tax money the Commonwealth assesses on the slots. She noted that this money is specifically allocated to purses, breeders, and health and welfare benefits. She also noted that this fund model is used in other jurisdictions. She stated that this is a business asking us to fund their expenses and the Commission should take into consideration that we have other tracks that may come back and ask for assistance with their expenses.

[10:48 a.m.](#) Commissioner Cameron stated that she has always wanted to do something to help racing but she is concerned about unintended consequences. She doesn't feel like she has good information in front of her to make a decision, it's just a verbal argument.

[10:54 a.m.](#) Executive Director Edward Bedrosian, Jr commented on the process and stated that he feels that the Commission needs a written proposal to make a determination on the issues raised. Commissioner Cameron requested that Mr. Lagorio prepare a written memo that outlines the changes they brought before the Commission.

[11:03 a.m.](#) Commissioner Stebbins stated that he would like to see a written proposal and he worries about setting a precedent. He stated that the original application came in with simulcasting and now it doesn't include it. He also noted that there needs to be a focus on the next step so that we are not in the same situation next year.

[11:04 a.m.](#) Commissioner Macdonald noted that the staff's position on this issue was part of the publically distributed materials before the July 21<sup>st</sup> meeting and therefore, it should not have been a surprise to the Brockton organization. He stated that we put off the meeting to provide Brockton an opportunity to address this matter. He stated that he did his homework and he was looking forward to hearing what the argument was on the other side. He stated that there is only an oral proposal before them and that sends a weak signal to him as to what the lawful authority is behind all of this. He stated that he is not adverse, if it's the sense of his colleagues, to further postpone this matter. He stated that based upon his experience and the record to date, the applicant has failed in its burden to address the issues that were identified on July 21<sup>st</sup>.

[11:14 a.m.](#) Chairman Crosby asked how long they would need to put together a written proposal. Mr. Lagorio stated he would need about a week. Chairman Crosby stated that we will check to see if we can do a special meeting next week.

11:15 a.m. The Commission took a brief recess.

11:25 a.m. The meeting resumed.

[11:25 a.m.](#) Chairman Crosby stated that the horseracing simulcast statute will lapse at noon today unless the Governor signs the bill to extend the existing law for a year. We are trying to check in with the Governor's Office to see what they are going to do. He also noted that we will pick up where we left off at the last meeting with Ombudsman John Ziemba.

## Ombudsman

See transcript pages 74-127

- [11:26 a.m.](#) Ombudsman John Ziemba presented on the 2016 Transportation Planning Grant applications. He provided an overview of Malden's request for \$100,000 to assess parking capacities and pedestrian safety. The Commissioners discussed Malden's grant application.
- 11:34 a.m. The Commission took a brief recess.  
11:35 a.m. The meeting resumed.
- [11:35 a.m.](#) Chairman Crosby noted that the [simulcast] legislation will be signed.
- [11:36 a.m.](#) *Commissioner Cameron moved that the Commission approve and accept Malden's request for assistance from the 2016 Community Mitigation Fund. Motion seconded by Commissioner Macdonald. Commissioner Zuniga opposed the motion. Chairman Crosby, Commissioners Cameron, Stebbins and Macdonald approved the motion. The motion passed 4 to 1.*
- [11:37 a.m.](#) Ombudsman Ziemba presented on specific impact grants. He provided an overview of the specific impact grant application from the Hampden County Sheriff's Department. He stated that they are requesting assistance with its relocation of the acclaimed Western Mass Correctional Alcohol Center. He stated that the facility was within the site of the planned casino. He recommended that the Commission fund the first year of the lease assistance and commit no more than \$2 million over the lifetime of the lease. He stated that the Sheriff's Department would need to reapply each year for subsequent lease assistance. The Commissioners discussed the grant application.
- [11:45 a.m.](#) *Commissioner Stebbins moved that the Commission approve a total of \$280,000 for FY17 lease cost for the Western Mass Correctional Alcohol - - Correctional Addiction Center as presented in the packet. Motion seconded by Commissioner Macdonald. Motion passed unanimously.*
- [11:47 a.m.](#) Ombudsman Ziemba provided an overview of the specific impact grant application from Springfield to assist Caring Health Center for additional costs as a result of construction related parking. He noted an issue related to the prohibition of public money or property from aiding nonpublic institutions. He recommended funding for the valet program and noted that further work needs to be done on the application. The Commissioners discussed the grant application.
- [12:13 p.m.](#) *Commissioner Stebbins moved that the Commission approve an initial amount up to \$150,000, subject to staff review and recommendations, as to implementing the pilot valet program, and that the staff work with the City of Springfield, MGM, related businesses, any other local government authorities, to come back with a more complete plan, hopefully, within two months, and that initial - - additional funding be discussed at that point. Motion seconded by Commissioner Cameron. Motion passed unanimously.*

[12:14 p.m.](#) Chairman Crosby noted that the Governor did sign the bill and simulcasting and horseracing will continue for another year.

[12:15 p.m.](#) Ombudsman Ziemba provided an update on the Gaming Policy Advisory Committee (“GPAC”). He stated that they have been successful with conducting public safety subcommittee meetings but they have had difficulty with the community mitigation advisory committee meetings because municipal employee representatives have a conflict of interest. He stated that communities are working to replace their employee representatives with nonemployee representatives. He noted that they have been working with the state ethics commission to pass legislation that would allow municipal employees to sit on the GPAC committees without violating the conflict of interest law. He also noted that they are working to get additional members on the GPAC committee because they have been unable to get a quorum. He reported that licensees are having difficulty finding representatives to sit on the committee because employee representatives may violate the conflict of interest law.

12:20 p.m. The Commission took a brief recess.

12:24 p.m. The meeting resumed.

#### **Administrative Update**

See transcript pages 127-142

[12:24 p.m.](#) Executive Director Edward Bedrosian Jr. noted that the Commission had, during the previous meeting, tabled the discussion of the Executive Director’s annual review procedures and the two procedural options.

[12:24 p.m.](#) General Counsel Catherine Blue reminded the Commission of the two options for the Executive Director’s review: (1) having each Commissioner bring their own personal notes to a future Commission meeting, and then discussing them together and creating a review, or (2) having each Commissioner complete a review and send it to the General Counsel, who will then compile the reviews into a single form, offered for discussion at a future meeting. General Counsel Blue addressed the Commission’s concerns with the two options regarding the open meeting law.

The Commission decided to use the second option for the Executive Director’s review.

#### **Commissioner’s Update**

See transcript pages 142-173

[12:36 p.m.](#) Chairman Crosby discussed with the Commission some items of interest, including: a briefing session with the senate and house chairs of economic development and emerging technologies; the upcoming G2E conference in September; The East Coast Gaming Conference he attended on May 25-26, which discussed online gaming, Daily Fantasy Sports, E-Sports, and being more proactive in these areas; a conference on June 6-10 at UNLV discussing different gaming revenue and data mining issues; a West Virginia conference he attended with Executive Director Bedrosian regarding the duty of care owed to gamblers; a few articles regarding “skins” betting; and the possibility of implementing a program for giving licensees awards for recognition of certain achievements.

- [12:52 p.m.](#) Commissioner Zuniga discussed with the Commission his attendance at the National Council on Responsible Gaming, where he discussed “skins” betting and E-Sports, and noted the high regard given to MGC by other guests.
- [12:55 p.m.](#) Commissioner Cameron discussed with the Commission a previous illegal gambling conference she attended which discussed mobile-phone in-game betting, and a NCLG panel where the MGC was highly regarded for its educational forums.
- [12:59 p.m.](#) Commissioner Stebbins discussed with the Commission some items of interest including: his presence at NCLG presentations regarding e-sports and pari-mutuel betting; the recent dedication of the Holyoke Culinary Training Institute which he attended; and the Vendor Diversity Summit.
- [1:02 p.m.](#) Commissioner MacDonald discussed with the Commission the opening of the Culinary Training Institute in Holyoke. Commissioner MacDonald also noted the recent U.S. District Court decision pertaining to the Taunton citizen’s litigation and a related D.C. Circuit Court decision.

**Other Business Not Reasonably Anticipated**

See transcript pages 173-177

- [1:12 p.m.](#) Chairman Crosby noted that the Commission is not planning to take any immediate action in Region C as a result of the District Court decision. Executive Director Bedrosian noted that the staff has been receiving inquiries regarding the District Court decision and the Commission’s reaction.
- [1:15 p.m.](#) Chairman Crosby noted that the next Commission Meeting will be held on Wednesday, August 10th at a time to be determined. The meeting will continue the discussion regarding the racing [Middleboro Agricultural Society] decision and other matters that may arise.
- [1:15 p.m.](#) *Having no further business, a motion to adjourn was made by Commissioner Zuniga. Motion seconded by Commissioner Macdonald. Motion passed unanimously.*

**List of Documents and Other Items Used**

1. Massachusetts Gaming Commission, Notice of Meeting and Agenda dated August 1, 2016
2. Massachusetts Gaming Commission, Memorandum dated July 19, 2016, regarding Middleboro Agricultural Society’s Request for Race Horse Development Funds
3. Letter from Robert Kelly, President of the Middleboro Agricultural Society, to Dr. Alexandra Lightbown, Director of Racing at the Massachusetts Gaming Commission, dated July 18, 2016, regarding Recognition and Purse Agreement and Budget, with attachments
4. Horse Racing Public Comments, emails with various dates
5. Letter from Senator Michael Brady to the Massachusetts Gaming Commission, dated July 20, 2016, regarding local aid payments and Brockton Fairground’s request for Race Horse Development Funds
6. Letter from Representative Gerard Cassidy to the Massachusetts Gaming Commission, dated July 19, 2016, regarding horse racing in Brockton

7. Letter from George Brown, Massachusetts Thoroughbred Breeders Association, to the Massachusetts Gaming Commission, received July 15, 2016, regarding the Horse Racing Committee and the Race Horse Development Fund Split
8. Massachusetts Gaming Commission, Memorandum dated July 28, 2016, regarding 2016 Mitigation Fund Application Review, with attachments
9. Massachusetts Gaming Commission, Membership of Gaming Policy Advisory Committee
10. Game-Maker Valve Moves to Choke Off \$7.4 Billion Gambling Market, Joshua Brustein and Eben Novy-Williams, dated July 13, 2016
11. eSports and Skin Gambling: The Elephant in the Room, Mark McGuinness, dated July 11, 2016

/s/ Catherine Blue  
Catherine Blue, Assistant Secretary

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