



PENNSYLVANIA GAMING CONTROL BOARD

Meeting of the Board

February 27, 2007

Minutes

An meeting of the Pennsylvania Gaming Control Board was held on February 27, 2007 in the State Museum Auditorium. The meeting began at 3:12 p.m.

Members in attendance were:

Thomas Decker, Chairman
Raymond S. Angeli
Mary DiGiacomo Colins
Jeffrey W. Coy
Kenneth W. McCabe
Sanford Rivers (via teleconference)
Gary A. Sojka

Ex-officio members in attendance were:

Dennis C. Wolff, Secretary of Agriculture
Thomas W. Wolf, Acting Secretary of Revenue

Ex-officio designees in attendance were:

Keith Welks, Acting Deputy State Treasurer for Fiscal Operations

Individuals who appeared officially before the Board:

Anne LaCour Neeb – agency update
Vince Donlevie – Harrah's Chester update
Thomas Bonner – Philadelphia Park update
Lynne Hughes – Harrah's Chester update
Eileen McNulty – budget and regulatory costs
Michael Walsh – administration update
Frank Donaghue – regulations and other business
Richard Sandusky – regulations
Doug Sherman – confidentiality of records
Mickey Kane – pro hac vice petition
Susan Hensel – licensing
Don Shiffer – possession of slot machines

A quorum of the Board being present Chairman Decker called the meeting to order.

Announcements

Chairman Decker announced that an executive session was held prior to the meeting to discuss personnel matters. No business was conducted at this session.

Swearing in of Gary A. Sojka

Judge Mary Hannah Leavitt of the Commonwealth Court administered the oath of office to Gary A. Sojka. Following the swearing in, Board Member Sojka took his seat on the Board.

Transcripts/Minutes

On a motion by Board Member Angeli, seconded by Board Member McCabe, the transcripts and minutes of the December 13 and December 20, 2006 meetings were unanimously approved.

Executive Director

PGCB MOTION NO. 2007-1 EXE – Motion to designate Sanford Rivers and Ken McCabe as Board representatives for the Presque Isle Downs opening

Motion Made: Board Member Colins
Seconded: Board Member Coy

Resolved, the Board, having consulted with the Executive Director, delegates the authority to Board Members McCabe and Rivers to authorize, either collectively or in their individual capacity, the effective date and time which slot operations may commence at Presque Isle Downs in Summit Township, Erie County, pursuant to the Board's Order dated November 6, 2006.

Board Decision: Passed by unanimous vote.

PGCB RESOLUTION NO. 2007-1 OCC – Casino Floor Plan for Presque Isle Downs

Motion Made: Board Member Coy
Seconded: Board Member Sojka

WHEREAS Under Section 1202(a) of the Pennsylvania Race Horse Development and Gaming Act, the Pennsylvania Gaming Control Board has general jurisdiction over all gaming activities or related activities pursuant to the act; and

WHEREAS Under 58 Pa. Code, Section 467.1, Gaming floor plan, a slot machine licensee may not commence slot operations until a floor plan depicting its gaming floor and all restricted areas servicing its slot operation has been approved by the Pennsylvania Gaming Control Board; and

WHEREAS Presque Isle Downs, Inc., an entity for which a slot machine license was approved on October 25, 2006, has submitted gaming floor plan dated March 1, 2006 to the Board for approval; and

WHEREAS Floor plans depicting the gaming floor and all restricted areas servicing the licensed facility to be known as Presque Isle Downs, Inc. have been reviewed for compliance with 58 Pa. Code Section 467.1, including those requirements relating to slot machine locations and seating, surveillance camera configuration, cashiers' cage, count room, and armored car bay specifications, slot storage and repair locations and placement of automated gaming voucher redemption, jackpot payout and automated teller machines; and

WHEREAS The floor plans have been reviewed and determined to comply with 58 Pa. Code Section 467.1; and

WHEREAS Presque Isle Downs, Inc., agrees to comply with the requirements of 58 Pa. Code Section 467.1(c) with regard to changes or amendments in a Board approved floor plan; be it

RESOLVED That the Board approves the floor plan of Presque Isle Downs, Inc., as prepared by RB Architects, Inc., dated March 1, 2006, revised through February 23, 2007, Sheet A100, which depicts 48,074SF of gaming floor configured to accommodate a total of 2,000 slot machines.

Board Decision: Passed by unanimous vote.

PGCB RESOLUTION NO. 2007-3 OCC – Internal Controls for Presque Isle Downs

Motion Made: Board Member McCabe

Seconded: Board Member Colins

WHEREAS Under Section 1202(a) of the Pennsylvania Race Horse Development and Gaming Act (the "Act"), the Pennsylvania Gaming Control Board (the "Board") has general jurisdiction over all gaming activities or related activities; and

WHEREAS Under 58 Pa. Code, Section 467.2(a)(4), a slot machine licensee may not commence slot operations until a slot machine licensee's internal control systems and audit protocols (collectively "internal controls") have been approved by the Board; and

WHEREAS Presque Isle Downs, Inc. ("PIDI"), an entity for which a Conditional Category 1 Slot Machine License was approved on October 27, 2006, has submitted internal controls for Board approval; and

WHEREAS The internal controls submitted by PIDI meet the minimum requirements set forth in Section 1322 of the Act, including procedures for safeguarding assets and revenues; retaining accurate and reliable financial records; and ensuring complete connectivity to the central control computer system; and

WHEREAS PIDI has submitted a narrative description of its ownership structure; a jobs compendium; and standard operating procedures for its Finance, Information Technology, Internal Audit, Security, Slot Operations, and Surveillance Departments; and

WHEREAS MTR Gaming Group, Inc., the 100% parent company of PIDI, has engaged Deloitte & Touche LLP to provide consulting services to PIDI which will result in the design and documentation of additional internal controls to be submitted along with a report from Ernst & Young in compliance with 58 Pa. Code, Section 465.3(c) to the Board by or before April 30, 2007; and

WHEREAS The Board is in receipt of an attestation by Mr. Richard M. Knight, Chief Executive Officer of PIDI, attesting that he believes, in good faith, that the submitted internal controls conform to the requirements of the Act and the regulations promulgated thereunder; and

WHEREAS The Board is in receipt of an attestation by Ms. Rita Smith, Director of Finance of PIDI, attesting that she believes, in good faith, that the submitted internal controls are designed to provide reasonable assurance that the financial reporting conforms to generally accepted accounting principles in the United States and comply with applicable laws and regulations, including the Act and the regulations promulgated thereunder;

RESOLVED That the Board approves the internal controls of PIDI, subject to the condition that the internal controls are revised to incorporate the recommended amendments of Deloitte & Touche LLP and Board staff, and that any implementation of an amendment to the internal controls will be preceded by notice to the Board.

Board Decision: Passed by unanimous vote.

Chief Financial Officer

PGCB MOTION NO. 2007-2 EXE – Schedule for Reimbursement of Operational Costs of the Bureau of Gaming Laboratory Operations

Motion Made: Board Member Sojka
Seconded: Board Member McCabe

Resolved, the Board hereby adopts the proposed schedule and method for reimbursement of the costs of establishing and operating the gaming lab.

Board Decision: Passed by unanimous vote.

Administration

PGCB MOTION NO. 2007-3 HR – Employment

Motion Made: Board Member Colins
Seconded: Board Member McCabe

New Hires:

Todd Snyder, application developer, Bureau of Administration
John Francis, licensing analyst, Bureau of Licensing
Michael Wilbur, investigator, BIE East
Elizabeth Kotzmoyer, investigative analyst, BIE Central
Jennifer Frey, clerical support specialist, BIE Central
Karen Miller, clerical support specialist, BIE Central
Barbara Starkes, casino enforcement agent, BIE
Tyra Kirkland-Starr, casino enforcement agent-trainee, BIE
Matthew Curci, casino enforcement agent, BIE
Walter Washington, casino enforcement agent, BIE
Arthur Watson, casino enforcement agent, BIE
Carrie Beasom, casino enforcement agent, BIE
Denise Osterberg, casino enforcement agent, BIE
George Torbic, casino enforcement agent, BIE
Rick Baker, casino enforcement agent, BIE
Marcia Shaffer, senior financial investigator, BCCIC/BIE
Dorty Theis, administrative assistant, Office of Chief Financial Officer
Christine Welker, administrative assistant, BCCIC

Resolved, the Board hereby approves the hiring of the above candidates for employment.

Board Decision: Passed by unanimous vote

Office of Chief Counsel

PGCB MOTION NO. 2007-4 REG – Temporary Regulation Amendment to Chapter 405

Motion Made: Board Member Angeli
Seconded: Board Member McCabe

Resolved, the Board hereby adopts the amendment to Chapter 405 of the temporary regulations; and directs that it be published in the Pennsylvania Bulletin and be posted on the Board's website.

Board Decision: Passed by unanimous vote

PGCB MOTION NO. 2007-5 REG – Temporary Regulation Amendment to Chapter 511

Motion Made: Board Member Colins

Seconded: Board Member Coy

Resolved, the Board hereby adopts the amendment to Chapter 511 of the temporary regulations; and directs that it be published in the Pennsylvania Bulletin and be posted on the Board's website.

Board Decision: Passed by unanimous vote

PGCB MOTION NO. 2007-6 REG – Temporary Regulation Amendment to Chapter 465.6

Motion Made: Board Member Angeli
Seconded: Board Member Colins

Resolved, the Board hereby adopts the amendment to Chapter 465 of the temporary regulations; and directs that it be published in the Pennsylvania Bulletin and be posted on the Board's website.

Board Decision: Passed by unanimous vote

PGCB MOTION NO. 2007-7 REG – Proposed Regulation No. 125-61 Pertaining to Subpart B – Chapters 421a, 423a, 425a, 427a, 431a, 436a, 438a, 439a, and 440a

Motion Made: Board Member McCabe
Seconded: Board Member Sojka

Resolved, the Board hereby adopts the proposed regulation No. 125-61 pertaining to Subpart B – Chapters 421a, 423a, 425a, 427a, 431a, 436a, 438a, 439a, and 440a; establishes a public comment period of 30 days; and directs that this proposed regulation be posted on the Board's website.

Board Decision: Passed by unanimous vote

PGCB MOTION NO. 2007-8 REG – Proposed Regulation No. 125-56 Pertaining to Subpart H - Chapters 493a, 494a, 495a, 497a and 499a

Motion Made: Board Member Angeli
Seconded: Board Member Coy

Resolved, the Board hereby adopts the proposed regulation No. 125-56 pertaining to Subpart H - Chapters 493a, 494a, 495a, 497a and 499a; establishes a public comment period of 30 days; and directs that this proposed regulation be posted on the Board's website.

Board Decision: Passed by unanimous vote

PGCB MOTION NO. 2007-9 REG – Proposed Regulation No. 125-57 Pertaining to Subpart J - Chapters 511a and 513a

Motion Made: Board Member Angeli
Seconded: Board Member Coy

Resolved, the Board hereby adopts the proposed regulation No. 125-57 pertaining to Subpart J - Chapters 511a and 513a; establishes a public comment period of 30 days; and directs that this proposed regulation be posted on the Board's website.

Board Decision: Passed by unanimous vote

PGCB MOTION NO. 2007-10 REG – Final Regulation No. 125-46 Pertaining to Subparts D and F - Chapters 451a and 471a

Motion Made: Board Member Colins
Seconded: Board Member Coy

Resolved, the Board hereby adopts the final-form Regulation No. 125-46 pertaining to Subparts D and F - Chapters 451a and 471a; and directs that it be posted on the Board's website.

Board Decision: Passed by unanimous vote

PGCB MOTION NO. 2007-11 REG – Final Regulation No. 125-47 pertaining to Subpart G – Chapter 481a

Motion Made: Board Member Coy
Seconded: Board Member Angeli

Resolved, the Board hereby adopts the final-form Regulation No. 125-47 pertaining to Subpart G – Chapter 481a; and directs that it be posted on the Board's website.

Board Decision: Passed by unanimous vote

PGCB MOTION NO. 2007-12 OCC – Surrender of Supplier License of Pennsylvania Coin & Slot, LLC

Motion Made: Board Member McCabe
Seconded: Board Member Angeli

Resolved, the Board hereby approves the order granting the petition of Pennsylvania Coin & Slot, LLC to surrender the supplier license of Pennsylvania Coin & Slot, LLC and all associated licenses and waiver requests.

Board Decision: Passed by unanimous vote

PGCB MOTION NO. 2007-13 OCC – Withdrawal Petitions Without Prejudice

Motion Made: Board Member Sojka
Seconded: Board Member Coy

Resolved, the Board hereby approves the orders granting withdrawal of the applications without prejudice of Steven Atneosen, Antonio Belloni, Alfredo Drago, Scott Duenow, Michael Elliott, Joseph S. Gendron, James Clair Keller, Mitsuo Kiyokawa, Teruhiko Kobayashi, Karen Koetz, Norman Menell, Alan Pridgeon, Phillip Settimi and Gloria Tobin.

Board Decision: Passed by unanimous vote

PGCB MOTION NO. 2007-14 OCC – Withdrawal Petitions With Prejudice

Motion Made: Board Member Angeli
Seconded: Board Member Colins

Resolved, the Board hereby approves the order granting the withdrawal petition of Greenwood Gaming for the Key Employee Application of David Abernethy with prejudice.

Board Decision: Passed by unanimous vote

PGCB MOTION NO. 2007-15 OCC – Petitions Requesting Confidentiality of Documents

Motion Made: Board Member Colins
Seconded: Board Member McCabe

Resolved, the Board hereby approves orders granting the petitions to preserve the confidentiality of information and documents provided to the Board in connection with the application, investigation and review process leading up to the licensing decision in accordance with the provisions of the Act and other pertinent laws for Chester Downs and Marina, LLC, Downs Racing LP, Greenwood Gaming and Entertainment Inc., Mountainview Thoroughbred Racing Association, Presque Isle Downs, Inc., Washington Trotting Association, Inc., Philadelphia Entertainment and Development Partners, LP, and Station Square Gaming LP.

Board Decision: Passed by unanimous vote

PGCB MOTION NO. 2007-16 OCC – Pro Hac Vice Petitions

Motion Made: Board Member McCabe
Seconded: Board Member Coy

Resolved, the Board hereby approves the order granting the motion for admission pro hac vice of Nicholas Casiello Jr.

Board Decision: Passed by unanimous vote

Licensing

PGCB MOTION NO. 2007-17 LIC – Licenses for Principals Associated with HSP Gaming, LP

Motion Made: Board Member Coy
Seconded: Board Member McCabe

Resolved, the Board hereby approves the order awarding licenses for the principals associated with HSP Gaming, LP.

Board Decision: Passed by unanimous vote

PGCB MOTION NO. 2007-18 LIC – Licenses for Principals Associated with Philadelphia Entertainment and Development Partners, LP

Motion Made: Board Member Sojka
Seconded: Board Member Colins

Resolved, the Board hereby approves the order awarding licenses for the principals associated with Philadelphia Entertainment and Development Partners, LP.

Board Decision: Passed by unanimous vote

PGCB MOTION NO. 2007-19 LIC – Licenses for Principals Associated with Mount Airy #1, LLC

Motion Made: Board Member Sojka
Seconded: Board Member McCabe

Resolved, the Board hereby approves the order awarding licenses for the principals associated with Mount Airy #1, LLC.

Board Decision: Passed by unanimous vote

PGCB MOTION NO. 2007-20 LIC – Licenses for Principals Associated with PITG Gaming, LLC

Motion Made: Board Member Colins
Seconded: Board Member Sojka

Resolved, the Board hereby approves the order awarding licenses for the principals associated with PITG Gaming, LLC.

Board Decision: Passed by unanimous vote

PGCB MOTION NO. 2007-21 LIC – Licenses for Principals Associated with Sands Bethworks Gaming, LLC

Motion Made: Board Member Coy
Seconded: Board Member Angeli

Resolved, the Board hereby approves the order awarding licenses for the principals associated with Sands Bethworks Gaming, LLC.

Board Decision: Passed by unanimous vote

PGCB MOTION NO. 2007-22 LIC – Manufacturer License for Ainsworth Game Technology, Ltd.

Motion Made: Board Member McCabe
Seconded: Board Member Coy

Resolved, the Board hereby approves the order approving a manufacturer license for Ainsworth Game Technology, Ltd.

Board Decision: Passed by unanimous vote

PGCB MOTION NO. 2007-23 LIC – Management Company License for Harrah’s Chester Downs Management Company, LLC

Motion Made: Board Member Sojka
Seconded: Board Member Angeli

Resolved, the Board hereby approves the order approving a Management Company License for Harrah’s Chester Downs Management Company, LLC.

Board Decision: Passed by unanimous vote

PGCB MOTION NO. 2007-24 LIC – Report of the Bureau of Licensing regarding the issuance of temporary key employee credentials

Motion Made: Board Member Sojka
Seconded: Board Member Coy

Resolved, the Board hereby approves an Order accepting the report of the Bureau of Licensing regarding the issuance of temporary key employee credentials.

Board Decision: Passed by unanimous vote

PGCB MOTION NO. 2007-25 LIC – Report of the Bureau of Licensing regarding the issuance of permits and registrations

Motion Made: Board Member Colins

Seconded: Board Member McCabe

Resolved, the Board hereby approves an Order accepting the report of the Bureau of Licensing regarding the issuance of permits and registrations.

Board Decision: Passed by unanimous vote

Gaming Laboratory

PGCB RESOLUTION NO. 2007-2 GL – Possession of Slot Machines by Spectrum Gaming Group, LLC

Motion Made: Board Member McCabe

Seconded: Board Member Sojka

WHEREAS Under Section 1202(a) of the Pennsylvania Race Horse Development and Gaming Act, the Pennsylvania Gaming Control Board has general jurisdiction over all gaming activities or related activities pursuant to the act; and

WHEREAS The Board has adopted temporary regulations governing the possession and movement of slot machines in the Commonwealth, specifically 58 Pa. Code, Chapter 463, Possession of slot machines; and

WHEREAS Under 58 Pa. Code § 463.1(b)(6), the Board has the authority to allow certain persons, authorized in writing by the Board, to possess slot machines in this Commonwealth upon its finding that the possession of slot machines by such persons in this Commonwealth is not contrary to the goals and objectives of the act; and

WHEREAS Spectrum Gaming Group, LLC has submitted a written request to the Board in compliance with the regulations, to temporarily possess slot machines at the Pennsylvania Gaming Congress in Harrisburg, occurring on March 11, 12, 13 and 14, 2007, and such machines will be limited to running demonstration software which precludes the acceptance of coin, currency, vouchers or coupons; and

WHEREAS Spectrum Gaming Group, LLC further agrees to insuring the security of the slot machines for the duration of the time that the slot machines will be at the conference exposition area in Harrisburg by staffing the slot machines with exhibitor personnel during exhibit hours and posting a security guard during non-exhibit hours; and

WHEREAS The Board finds that the use of slot machines for demonstration purposes at the Pennsylvania Gaming Congress by Spectrum Gaming Group is not contrary to the goals and objectives of the act; be it

RESOLVED That the Board authorizes the possession of slot machines by Spectrum Gaming Group, LLC for the Pennsylvania Gaming Congress on March 11, 12, 13 and 14,

2007 for the limited purpose of demonstration and in compliance with the requirements of 58 Pa. Code, Chapter 463.

Board Decision: Passed by unanimous vote

Adjournment

There being no further business before the Board, on a motion by Board Member Angeli seconded by Board Member Colins, the meeting was adjourned.