

PENNSYLVANIA
GAMING CONTROL BOARD MEETING

OCTOBER 25, 2006

AT 10:00 A.M.

PENNSYLVANIA STATE MUSEUM
AUDITORIUM
HARRISBURG, PENNSYLVANIA

APPEARANCES:

THOMAS DECKER, CHAIRMAN

RAYMOND S. ANGELI, MEMBER

MARY DiGIACOMO COLINS, MEMBER - TELEPHONICALLY

JEFFREY W. COY, MEMBER

JOSEPH W. MARSHALL, III, MEMBER

KENNETH T. McCABE, MEMBER

SANFORD RIVERS, MEMBER

GREGORY C. FAJT, SECRETARY OF REVENUE

DENNIS WOLFF, PA SECRETARY OF AGRICULTURE

LORRAINE T. HERMAN, RPR
NOTARY PUBLIC - REPORTER

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1 CHAIRMAN DECKER: Now we will move into
2 the Board meeting. All right? We are going to
3 start this process and try to go as quickly as
4 we can.

5 I am calling the -- good morning or
6 good afternoon by now. I am Tad Decker,
7 Chairman of the Pennsylvania Gaming Control
8 Board, and I welcome all of you and the public
9 to this meeting.

10 Please note that Commissioner Mary
11 Colins is on the phone. Mary, are you there?

12 COMMISSIONER COLINS: Yes, I am. I --

13 CHAIRMAN DECKER: Great. It is
14 actually working. It's is gerrymandered, we
15 appreciate that, but it is working.

16 A quorum of the Board is present and
17 therefore the meeting is officially called to
18 order.

19 As always, let me ask everyone to turn
20 off their cell phones, including the Chairman.

21 Technically, do we do the pledge of
22 allegiance again?

23 COMMISSIONER COLINS: No.

24 THE BOARD: [NOS]

25 CHAIRMAN DECKER: We have had it once

1 today so I presume that is enough.

2 As you know, we expect to vote on the
3 final application -- well, excuse me. We hope
4 to vote later today on the final application for
5 Category 1 -- we will see what happens after the
6 continuance -- and we will reconvene later today
7 for a Category 3 licensing hearing. It will be
8 after lunch. We will address that time period
9 when we get to it.

10 The Board held executive sessions on
11 October 11th and yesterday and this morning to
12 discuss personnel matters. No business was
13 conducted at these meetings.

14 Our first action item is the
15 transcripts of the meetings for meetings on
16 September 12th and September 27th.

17 May I have a motion for their approval?

18 COMMISSIONER McCABE: Mr. Chairman, I
19 move that the Board approve the transcripts and
20 minutes of the September 12th, 2006 and
21 September 27th, 2006 meetings.

22 CHAIRMAN DECKER: May I have a second,
23 please?

24 COMMISSIONER COY: Second.

25 CHAIRMAN DECKER: Any questions or

1 comments?

2 THE BOARD: [NO RESPONSE]

3 CHAIRMAN DECKER: All those in favor,
4 please indicate by saying aye.

5 THE BOARD: Aye.

6 CHAIRMAN DECKER: Opposed?

7 THE BOARD: [NO RESPONSE]

8 CHAIRMAN DECKER: The motion carries.

9 By way of new business, I think Anne is doing
10 something right now, and if she comes back we
11 will do her report.

12 Let's see. I am looking who is next.
13 I guess, since Michael Walsh is sitting here --
14 I thought Nan Horner was going to make a
15 presentation next. Is Nan here? No?

16 Okay. Let's postpone that. Nan is
17 here. Okay. Here she comes. Great. Thank
18 you, Nan.

19 Okay. We, Anne, we are ready for your
20 executive report, and then Nan, I believe, is
21 going to make a report on problem gaming.
22 Great.

23 MS. NEEB: Good afternoon, Chairman
24 Decker and members of the Board. I have two
25 agenda items today, but before I would like to

1 give you a brief overview of something that has
2 been going on in the agency.

3 Later today the Board will move on to
4 the next class of suitability hearings, which
5 will be for Woodlands Fayette, which is a
6 Category 3 Resort Applicant.

7 The hearings for the Category 2
8 applicants will be held in November and
9 December.

10 With regard to those hearings, I would
11 like to note the Board recently announced a
12 revised licensing hearing schedule.

13 The months and dates have been posted
14 on the Board's website and will direct
15 individuals to the site to make sure they have
16 the correct dates.

17 Basically, we have rescheduled the
18 Category 2 at-large hearing from the week of the
19 general election to the first week of December
20 to better accommodate the public and members of
21 the media who wish to attend these hearings.

22 In addition, there are a few other
23 minor changes, including the start time of some
24 of our Category 2 hearings. Again, these times
25 are listed on the website.

1 Following the Board's action toward the
2 Conditional Category 1 licenses, staff has been
3 working on site at several of these properties
4 that plan to commence slot operations in the
5 near future.

6 Particularly, the first racetrack to be
7 opened would be the Mohegan Sun property at
8 Pocono Downs, and we have deployed staff on
9 east, west and central offices to oversee the
10 start-up.

11 I would estimate that approximately 40
12 employees of the Gaming Control Board have
13 worked diligently at these properties on every
14 issue from security, licensing, layout, employee
15 certification, and really have been putting in
16 many, many hours so that this property can get
17 up and running. The scheduled date for that
18 property for opening right now, in the event
19 that all of the testing is okay, will be on
20 November the 14th.

21 The activities for getting these
22 properties up includes -- probably one of the
23 most cumbersome parts of this is getting all of
24 the employees that are going to work at the
25 facility licensed in their appropriate category.

1 This requires a criminal background
2 check, fingerprinting, credit checks, tax
3 clearance checks and a review of any NCIC
4 reports of all of these employees with their
5 correct classification. This has been a
6 monumental effort.

7 CHAIRMAN DECKER: I would like to take
8 a second to digress and thank some people.

9 I certainly didn't know and I think the
10 Board members didn't know five months ago or six
11 months ago how much was going to be involved in
12 getting these things open, and how much work
13 there would be.

14 I would like to thank a number of
15 people, starting with Richard Williamson from
16 the head of our lab and his team, and Maureen
17 Williamson, Pam Freebel and Melinda Tucker and
18 others in the General Counsel's Office.

19 I mean, without Maureen's help here --
20 I don't think she is here today. Maybe she is,
21 yeah. Without her help, this would not be
22 possible.

23 Jerry Stoll, BIE group. Obviously
24 Denyse Miskin and her group, and the licensing
25 group headed up by Susan, I mean, just

1 phenomenal.

2 I would also like to thank the State
3 Police, who have been unbelievably involved in
4 this and unbelievably helpful.

5 Is Captain Allue here today? He
6 probably had to leave or he is probably doing
7 background investigations. But Captain Allue
8 and -- I think it is Sergeant Deandrea, if I
9 have the right name, they have done an
10 incredible job and helped with our BIE putting a
11 process in place that gets these employees
12 licensed and gets them background -- they have
13 fingerprints, et cetera. We are very happy
14 about that. And all of the people from our
15 staff who, without these extraordinary efforts,
16 we wouldn't be able to meet this November 14th
17 deadline.

18 Anne?

19 MS. NEEB: That's correct. It's been a
20 monumental effort and we are really, really
21 pleased.

22 In addition to doing all of the
23 employee-related matters and security issues, I
24 would just like to report that the gaming lab
25 has performed interoperability tests with the

1 central control system; and that's in the
2 in-house monitoring system from the casino
3 computer system.

4 We are pleased to report that those
5 test results so far have been very positive. We
6 have not seen any major glitches. We hope it
7 continues to work that way.

8 So as you can see, in addition to the
9 licensing activities of the Board, the agency as
10 a whole is actively engaged in the start-up of
11 all of these properties and we are very excited
12 and very busy.

13 CHAIRMAN DECKER: Right. And we
14 shouldn't underestimate the efforts that have
15 been -- not only by our staff but DOR. I see
16 Curt Haines in the audience.

17 MS. NEEB: GTECH.

18 CHAIRMAN DECKER: I'm sorry, and
19 GTECH -- to get the central control systems in
20 place.

21 MS. NEEB: That is basically what we
22 have been doing by way of in-house and at casino
23 sites.

24 What I have here today with me -- we
25 are also very excited to announce that our

1 compulsive gaming program has been put into
2 place and has been posted on the website.

3 I have here with me, this morning, Nan
4 Horner, who is the Director of Compulsive Gaming
5 and Problem Gaming Activities, and she is going
6 to give you an update on what exactly the
7 compulsive gaming program entails and what our
8 efforts have been thus far.

9 MS. HORNER: Good morning.

10 Yesterday, as you may know, we launched
11 the self-exclusion program on the Board's
12 website.

13 The primary objective of the Gaming Act
14 is for the Board to protect the public, and in
15 so doing, it is not just the regulation of
16 gaming activities but the protection of the
17 people of the Commonwealth, so we established a
18 self-exclusion application and instructions.

19 A person can go onto the Board's
20 website. They can obtain the self-exclusion
21 program brochure, which has questions and
22 answers.

23 We have the instructions for a person
24 to be placed on the self-exclusion list and an
25 application to be placed on the self-exclusion

1 list. A person may only place themselves on the
2 list, a family member may not do that. You have
3 to come in person, and we will accept the
4 application.

5 The facilities will have to obtain the
6 list of self-excluded persons, make sure that
7 they are not gaming on property, they are not
8 accepting winnings, complementaries,
9 check-cashing privileges, while they are on the
10 list.

11 A person can be placed on the list for
12 a duration of one year, five years or lifetime;
13 and if they place themselves on the list for one
14 year or five years, after that time frame has
15 elapsed, they must come back to us to be removed
16 from the list or they remain on the list.

17 CHAIRMAN DECKER: Even if they came
18 back during the interim period over three years
19 or five years, whatever, Nan, they would have to
20 come back to get approval to get off the list?

21 MS. HORNER: That is correct. Yes.

22 So we launched that yesterday. We are
23 being very proactive in the area of compulsive
24 and problem gambling.

25 I have been meeting with the Department

1 of Health and other Commonwealth agencies. This
2 is just the first of the compulsive and problem
3 gambling programs that we will be establishing.

4 CHAIRMAN DECKER: That is great. Any
5 questions for Nan?

6 THE BOARD: [NO RESPONSE]

7 CHAIRMAN DECKER: Nan, we are really
8 grateful that you left the licensing area and
9 took on this assignment. I mean, we are in the
10 midst of it, you haven't totally left, but we
11 appreciate your taking on this really important
12 subject and jumping into it with all of the
13 background and knowledge you have over the years
14 of teaching it, et cetera.

15 COMMISSIONER MARSHALL: Mr. Chairman, I
16 hereby move that the Board approve the order
17 which delegates the authority to remove and
18 approve compulsive and problem gaming plans
19 pursuant to applicable regulations to the
20 Director of Compulsive and Gaming Enforcement.

21 CHAIRMAN DECKER: A second, please?

22 COMMISSIONER McCabe: Second.

23 CHAIRMAN DECKER: Any comments or
24 second for Nan?

25 THE BOARD: [NO RESPONSE]

1 CHAIRMAN DECKER: All those in favor,
2 please indicate by saying aye.

3 THE BOARD: Aye.

4 CHAIRMAN DECKER: Any opposed?

5 THE BOARD: [NO RESPONSE]

6 CHAIRMAN DECKER: The motion passes.
7 Thank you very much. Thank you very, very much.
8 Anne, what's -- yes, please?

9 COMMISSIONER McCABE: Mr. Chairman, I
10 believe that I -- in the Executive Director's
11 report, it indicated that there needs to be
12 action delegating for the start-up of the first
13 casino. Correct?

14 MS. NEEB: Yes. We have a motion to
15 authorize at the property. There's a
16 requirement for a sign-off order, and we are
17 going to ask the Board to authorize Commissioner
18 Raymond Angeli to determine the successful
19 completion of the test period, and to authorize
20 the effective date and time which the slot
21 operation may commence at Mohegan Sun at Pocono
22 Downs.

23 It is currently scheduled for November
24 the 14th, as long as all of the test periods run
25 on the 10th and the 12th are in compliance with

1 the state systems. We ask for that motion.

2 CHAIRMAN DECKER: Okay. Thank you.

3 COMMISSIONER COY: Mr. Chairman, I move
4 that the Board, having consulted with the
5 Executive Director, authorize Commissioner
6 Raymond Angeli to determine the successful
7 completion for the test period and to authorize
8 the effective date and time at which slot
9 operations may commence at Mohegan Sun at Pocono
10 Downs, pursuant to the Board's order of October
11 6th, 2006.

12 COMMISSIONER MARSHALL: Second.

13 CHAIRMAN DECKER: Does Commissioner
14 Angeli have to recuse himself? Only kidding.

15 MS. NEEB: No.

16 CHAIRMAN DECKER: Any comments or
17 questions for Anne?

18 THE BOARD: [NO RESPONSE]

19 CHAIRMAN DECKER: All those in favor,
20 please indicate by saying aye.

21 THE BOARD: Aye.

22 CHAIRMAN DECKER: Any opposed?

23 THE BOARD: [NO RESPONSE]

24 CHAIRMAN DECKER: Thank you. The
25 motion passes.

1 MS. NEEB: Thank you.

2 CHAIRMAN DECKER: Thank you, Anne.

3 Is there anything else in the report?

4 MS. NEEB: That is all I have.

5 CHAIRMAN DECKER: Thank you.

6 MS. NEEB: Thank you.

7 CHAIRMAN DECKER: Okay. Next up is
8 Greg -- our esteemed colleague, Secretary of
9 Revenue, he is an ex-officio member of the
10 Board. He is going to introduce a presentation
11 on the central control computer system, which,
12 of course, is mandated by Act 71.

13 SECRETARY FAJT: Thank you,
14 Mr. Chairman.

15 Curt, do you want to come up to the
16 table?

17 MR. HAINES: [COMPLIED]

18 SECRETARY FAJT: We thought with the
19 anticipated opening of Mohegan Sun -- the soft
20 opening on November the 10th and 12th, with hard
21 opening slated for November 14th -- that this
22 would be a good time for Curt and Richard
23 Williamson to do a joint presentation on where
24 we are, both for the public's edification and
25 also for the Board, as to where we are with the

1 central computer system and how that work is
2 progressing.

3 I mean, from an overview you heard Anne
4 mention earlier, it is going very well, and a
5 lot of that credit goes to the two folks that
6 are in front of us now, Richard and Curt.

7 And, Tad, I wanted to say one other
8 thing, your folks at the Gaming Board have been
9 very, very helpful in turning around, along with
10 the State Police, the background checks for some
11 of the GTECH employees that we need to have on
12 the floor at Mohegan Sun right now and some of
13 the folks here in Harrisburg, including
14 Department of Revenue employees.

15 I am going up to Mohegan Sun tomorrow,
16 just to kind of kick the tires, and we have, I
17 think, many of our auditors, and I think the
18 Department of Revenue is going to have somewhere
19 around 15 to 20 employees there tomorrow.

20 CHAIRMAN DECKER: Great.

21 SECRETARY FAJT: So, with that, Curt
22 and Richard, thanks for being here. I will turn
23 it over to you guys.

24 MR. HAINES: Good afternoon and hello,
25 again. It's been about six months, I think,

1 since I have been at one of your meetings; and a
2 couple weeks ago my boss, Secretary Fajt, came
3 in and said, Haines, it's about time you go and
4 sit in front of the Board and tell us what you
5 have been doing for the last six months.

6 Because what I have been doing and
7 Richard and our teams have been doing are so
8 intertwined, we just thought it would be a good
9 time for a joint discussion, ultimately leading
10 to hopefully getting the Board a comfort level
11 that the central control system is indeed ready
12 to be deployed in support of Mohegan Sun.

13 In the interest of time, I will skip
14 the first part of my talk, which was pretty much
15 a history lesson.

16 By now, everybody knows Act 71 mandates
17 the central control system. Most people know
18 revenue went on in a competitive process,
19 selected GTECH, executed a contract, and we have
20 been working with them since -- in detail since
21 last November of 2005.

22 In November, we convened a total of six
23 state agencies who are going to be stakeholders
24 of this central control system.

25 In the Department of Revenue, there are

1 four work units. Obviously, our executive
2 office, our Bureau of Information Systems;
3 Bureau of Fiscal Management; and our Bureau of
4 Audits are going to be players in or users of
5 the central control system. At the Gaming
6 Control Board, obviously, the lab and Richard
7 and his staff, and also the Bureau of
8 Investigation and Enforcement. The Pennsylvania
9 State Police were invited to participate in
10 those early requirement meetings.

11 The Office of the Budget, the
12 comptroller's operations, who have duties to
13 make certain that the processes and procedures
14 that we engage to collect money and remit money,
15 and the bank money, are being signed and
16 secured.

17 The State Treasurer's Office was asked
18 to participate, because ultimately they banked
19 the funds that we will be receiving from the
20 operators, and they had to establish a unique
21 account codes and things like that; and also the
22 Governor's Office of Administration because
23 ultimately the output from the central control
24 system will go into the state central accounting
25 system or the SAP system, as it's come to be

1 known.

2 So we got all of these people together,
3 and the GTECH project team basically started to
4 tell us what their system does.

5 This is a transfer product. It has
6 been deployed in other jurisdictions. Most
7 recently we have Atlantic Lottery from Canada
8 that I think is three or four eastern provinces,
9 and GTECH came in and said, Here is what the
10 system can do now.

11 The six agencies working together said,
12 Yes, we need that function; yes, we need this
13 function; no, we don't need that; or in some
14 cases, Act 71 prohibits us from employing that
15 function, for instance, player tracking.

16 So we went through, literally, three
17 months of extremely detailed meetings and worked
18 with everybody involved to figure out exactly
19 what this computer system has to do to meet its
20 Act 71 requirements and to support gaming across
21 all of these agencies.

22 We actually got to the point where we
23 finished that. We had the documents which were
24 yeah thick, submitted to each of the agencies
25 for their review and formal sign-off. So we

1 knew what the target was.

2 GTECH's development folks went away for
3 several months and made all of the changes that
4 Pennsylvania needs to meet its Act 71
5 obligations.

6 About that time, thanks to Richard and
7 his folks and their contacts with the
8 prospective operators, when GTECH went away to
9 do those system modifications, we invited all of
10 the prospective operators into a detailed
11 meeting to begin to explain to them how the
12 central control system is going to operate, what
13 they have to do to support it, and they have a
14 lot to do to support this, particularly in the
15 construction of their casino.

16 We began a very good dialogue with
17 those operators and the first four or five class
18 ones, obviously, we have continued literally
19 weekly discussions and dialogues with them from
20 the project team.

21 As I said, in June -- in addition to
22 the six agencies, five operators came to the
23 table and we have been moving forward in rolling
24 this out.

25 In September, the -- well, actually it

1 was in August, we began system testing of all of
2 those modifications through the GTECH central
3 control system.

4 Under our contact with GTECH, an
5 independent third party company, Gaming Labs
6 International, was engaged to help Revenue test
7 that the system modifications that we requested
8 were, indeed, functioning properly and it was
9 benchmarked against those requirements; and all
10 six agencies had to find for the system, and the
11 first week of September GLI indicated that it
12 had -- the system had passed that certification
13 review process and the system had met all of the
14 requirements that we had laid out for it.

15 And about that time -- and I will soon
16 defer to Richard -- his folks were up and
17 running in the lab, connecting to the test
18 system of the central computer system; and in
19 addition to the GLI testing, his folks were
20 certifying individual slot machines, but at the
21 same time, in our opinion, performing yet
22 another layer of testing over and above what GLI
23 have done.

24 So by the end of September, we had
25 identified a number of issues and had corrected

1 them, and we were feeling more and more
2 comfortable that this system was ready to roll
3 out.

4 Once again, talking weekly with the --
5 especially the folks at Mohegan Sun. So we got
6 to the point at the end of September that, yes,
7 this system is what we needed to do.

8 What it is doing is it is logging all
9 activity from every individual slot machine on
10 the casino floor. Every time there is a bill
11 inserted, a voucher, a cash-out, a play, a
12 drawer opened, that event is logged with the
13 financial details of that event on the central
14 control system. It issues alerts, when things
15 like door openings occur, unexpected events so
16 that the Bureau of Investigative Enforcement and
17 other folks at the gaming site know that
18 something out of the ordinary has occurred and
19 they can dispatch people to see what is going
20 on.

21 Probably the most important thing it
22 does is every single day it certifies that the
23 software that was on every one of these machines
24 has not been tampered with.

25 Each machine has a unique software

1 signature, and every single day the system will
2 pull that individual machine, compare it to the
3 software signature registered on the central
4 system, and if it doesn't match, it immediately
5 disables that machine and issues an alert.

6 It does that certification any time
7 that a technician would open a drawer for a cash
8 sweep or for any number of legitimate things
9 that have to occur in the maintenance of these
10 slot machines.

11 So that is, probably from an integrity
12 standpoint, one of the most important things
13 that the central system does, is to verify that
14 no software has changed beyond it's original
15 deployment.

16 It also calculates, based on all of
17 this mass transaction input into the system, the
18 gross terminal revenue of every individual slot
19 machine and then collectively for that casino
20 for each operating day.

21 Overnight the system will calculate
22 what the casino operator owes, as far as its
23 state taxes are concerned. It will initially,
24 very early in the morning, present an electronic
25 invoice to the Department of Revenue, fiscal

1 management, for them to take one last review of
2 it.

3 Once they approve it, it will send that
4 electronic invoice onto the individual operator
5 at the venue for payment, electronic funds
6 payment that morning, I think no later than
7 11:00.

8 Those funds should be hitting the State
9 Treasurer's office for processing an investment
10 of those funds and accounting its proper
11 disbursement based on Act 71.

12 The system, also, we were almost
13 obsessed on the point of redundancy of these
14 systems. We knew from day one the last thing we
15 needed or wanted or could tolerate was a venue
16 operator being down, because the state's central
17 control system was not functioning properly or
18 it had crashed or we had lost communication with
19 the venue.

20 So we have worked with GTECH and the
21 operators to build in a very large amount or a
22 high amount of redundancy, so that duplicate
23 tasks from every venue into the central control
24 system.

25 There are a total of three computer

1 systems being updated with every single
2 transaction that occurs at each individual slot
3 machine; two here at the primary site in
4 Harrisburg, and one in Austin, Texas, which is
5 the disaster recovery site for the state's
6 central control system.

7 Myself and a senior member of our BIS,
8 of our Information Systems Bureau, traveled to
9 Austin to see that site and to, basically, make
10 certain that it was secure; and it was a
11 state-of-the-art data center and GTECH is
12 supporting gaming operations in the entire
13 western hemisphere in that operation.

14 So every single time something occurs
15 at the slot machine, all three of those computer
16 systems would get simultaneously updated.

17 We also did tests where we actually
18 disabled communications from the casino to make
19 certain that processing could be switched to
20 Austin. We did dry runs in that. We are very
21 comfortable that the redundancy we built into
22 this is about as good as you can get.

23 We also have engineered this so that in
24 the hopefully very unlikely event the central
25 system has lost communication with the venue,

1 that the venue doesn't have to shut down, and
2 there would be no loss of integrity.

3 We have data storage devices deployed
4 in each of the venues that will continue to
5 track and log all of the activity going on at
6 each individual slot machine so that when
7 communications are restored, that data is
8 transferred back up to the central system, and
9 all of the accounting and the safeguards are
10 still in place for that.

11 We had originally -- Atlantic Lottery
12 in Canada had 12-hour support of the casino. We
13 upped it -- we upped that to 24 hours, and the
14 history of this is, it's only been, I think, one
15 time for an hour in Rhode Island that their
16 central system has lost -- was down because of
17 communication failure.

18 So we feel we have built into this
19 Pennsylvania infrastructure a good bit of
20 safeguards, so as not to negatively impact the
21 venue operator, while at the same time
22 guaranteeing integrity of those gaming
23 operations.

24 The system has many, many reports in it
25 to support the six agencies, and as we speak,

1 this week, literally at this time there are
2 people being trained in those reports so they
3 know how to access the data they need to do
4 their job.

5 We also, in the process, determined
6 that we needed a test system so that the gaming
7 lab can hook up to and basically continue their
8 ongoing certification process of slot machines,
9 and I think at this point I will turn it over to
10 Richard to describe exactly how they are using
11 that system and what the future entails.

12 MR. WILLIAMSON: Thank you, Curt. Good
13 afternoon.

14 Just to summarize quickly. What we are
15 doing is we have a system in the lab, which is a
16 test system, the computer sending it over where

17 the main computer is. We hooked up all of the
18 slot machines to it after it became available to
19 us. We quickly ran through -- quickly and
20 thoroughly ran through all of the slot machine
21 programs to make sure that they were operating
22 correctly, and where there were any problems
23 detected, the beauty of the world economy with
24 GTECH is they actually had their Polish team
25 work on it overnight and had the corrections

1 back to us the next day by 3:00 in the
2 afternoon. So they were very responsive to us,
3 and enabled us to continue quickly and get
4 through our testing process. The tool will be
5 available to us on an ongoing basis with support
6 from GTECH with the support of DOR.

7 CHAIRMAN DECKER: That's great. Any
8 questions for either Curt or Richard on that
9 subject? It is a very good report.

10 THE BOARD: [NO RESPONSE]

11 CHAIRMAN DECKER: Great.

12 I'm sure we will be hearing more about
13 the success as it is installed. Thank you.

14 Our next item is administration. Mike
15 Walsh, I think he has an important announcement
16 for us and two action items. Right, Michael?

17 MR. WALSH: Thank you, Mr. Chairman.

18 The two proposed hires for today are --
19 one is in the Bureau of Licensing and one is in
20 the Bureau of Gaming Laboratory Operations.
21 Jennifer Lang is being recommended for a
22 licensing technician position; and in the Bureau
23 of Licensing, a Michael Feldman, for a Gaming
24 Lab Trainee position in the Bureau of Gaming Lab
25 operations.

1 CHAIRMAN DECKER: May I have a motion?

2 COMMISSIONER RIVERS: Based on
3 recommendation of Director of Administration, I
4 move to hire the two individuals mentioned.

5 CHAIRMAN DECKER: Second, please?

6 COMMISSIONER McCABE: Second.

7 CHAIRMAN DECKER: Thank you. Any
8 comments or questions from Michael?

9 THE BOARD: [NO RESPONSE]

10 CHAIRMAN DECKER: All of those in
11 favor?

12 THE BOARD: Aye.

13 CHAIRMAN DECKER: Any opposed?

14 THE BOARD: [NO RESPONSE]

15 CHAIRMAN DECKER: Motion carries.

16 Thank you.

17 MR. WALSH: The second item is
18 requesting Board approval to enter into a lease
19 agreement, which would be an amendment to our
20 current lease, at the Verizon Towers here in
21 downtown Harrisburg, and this would be for the
22 almost 20,000 square feet of space on the 10th
23 floor of the building, which will outfit
24 primarily gaming lab operation's lab space and
25 Bureau of Investigations and Enforcement, Chief

1 Enforcement Council.

2 CHAIRMAN DECKER: Okay.

3 COMMISSIONER MARSHALL: Mr. Chairman, I
4 hereby move that the Board approve a seven-year
5 lease agreement for 19,824 square feet of office
6 space at a rate of \$22.08 per square foot at 303
7 Walnut Street, Verizon Tower, Tenth Floor,
8 Harrisburg, Pennsylvania.

9 CHAIRMAN DECKER: Second?

10 COMMISSIONER COLINS: Second.

11 CHAIRMAN DECKER: Thank you.

12 Any questions or comments?

13 THE BOARD: [NO RESPONSE]

14 CHAIRMAN DECKER: All those in favor?

15 THE BOARD: Aye.

16 CHAIRMAN DECKER: Any opposed?

17 THE BOARD: [NO RESPONSE]

18 CHAIRMAN DECKER: Motion carries.

19 Thank you, Michael, very much.

20 Okay. I think next up is Office of
21 General Council, Frank Donaghue, along with
22 Maureen Williamson.

23 Melinda is here too? No? Oh, and
24 Richard. Thank you.

25 And Michelle. Did I introduce Michelle

1 as well?

2 MR. DONAGHUE: Good afternoon,
3 Mr. Chairman and Board Members.

4 The Office of Chief Council is
5 presenting three items today. The first is the
6 gaming floor plan for Mohegan Sun at Pocono
7 Down, which Maureen Williamson, Deputy Chief
8 Counsel for gaming operations, will present.

9 The second is a set of guidelines for
10 the use of funds allocated to horsemen's
11 organizations. Section 1406 (b) of the Act
12 requires the Board to establish these guidelines
13 to ensure that the funds allocated are used to
14 finance programs that benefit all horsemen.

15 The final item is another proposed
16 rulemaking change packet that will convert
17 temporary regulatory Chapters 465, 466 and 467
18 to permanent regulations.

19 After Board adoption, this proposed
20 rule will be sent to the Office of Budget, to
21 the Legislative Reference Bureau, to the
22 standing committees in the House and the Senate
23 and to the Independent Regulatory Review
24 Commission to start the first phase of
25 regulatory review process.

1 The public will then have 30 days to
2 submit comments, and the Independent Regulatory
3 Review Commission will have an additional 30
4 days to submit its comments. The standing
5 committees may submit comments at any time.

6 I will now ask Maureen to present the
7 floor plan for Pocono Downs.

8 MS. WILLIAMSON: Good morning or good
9 afternoon.

10 If there really was ever any doubt left
11 in anyone's mind that we are about to actually
12 do this, I think they should be resolved today
13 when I am very pleased to present for the
14 Board's consideration the floor plan for Mohegan
15 Sun at Pocono Downs.

16 As the Board is well aware, a
17 prerequisite to the conduct of test night and a
18 prerequisite to an actual authorization to
19 commence slot operations is that the Board
20 approve a floor plan which shows the gaming
21 floor itself and any amenities and restricted
22 areas that are servicing the slot operation.

23 For consideration today, there is a
24 floor plan prepared by the architectural firm of
25 Jeter, Cook & Jetson.

1 It is a plan that was originally drawn
2 as of November 5th, 2005, and has been revised
3 through October 23rd. It depicts a maximum of
4 36,016 square feet of gaming floor space and
5 maximum slot configuration of 1172 slot
6 machines. It depicts all of those slot machines
7 with a zone, bank and location number, all slot
8 seating.

9 It depicts the surveillance plan,
10 security zones and the location of amenities
11 servicing the facilities, such as account room,
12 cashier's cage, ATM, voucher redemption machines
13 and things of that nature.

14 The plan is proprietary to Downs
15 Racing, on the basis of the fact it depicts in a
16 great deal of detail its surveillance and
17 security plans, and so for that reason it will
18 be retained as confidential by the Board.

19 So I would respectfully request that
20 the Board adopt the resolution adopting this
21 floor plan as presented.

22 COMMISSIONER ANGELI: Mr. Chairman, I
23 move that the Board approve the floor plan of
24 Downs Racing as prepared.

25 COMMISSIONER COY: Second.

1 CHAIRMAN DECKER: Any questions?

2 THE BOARD: [NO RESPONSE]

3 CHAIRMAN DECKER: All those in favor,
4 please indicate by saying aye.

5 THE BOARD: Aye.

6 CHAIRMAN DECKER: Any opposed?

7 THE BOARD: [NO RESPONSE]

8 CHAIRMAN DECKER: The motion carries.
9 Thank you, Maureen.

10 MS. WILLIAMSON: Thank you.

11 MR. DONAGHUE: Thank you, Mr. Chairman.

12 Now Richard Sandusky will now speak to
13 the issue of the horsemen's organization
14 guidelines.

15 MR. SANDUSKY: Good afternoon.

16 Melinda got called back to work on a
17 couple of other more pressing issues so I am
18 standing in for her.

19 Today the guidelines that you have, as
20 Frank noted, are guidelines that are required by
21 Act 71, and they address how funds that are
22 allocated to horsemen's organizations are to be
23 distributed and various auditing and reporting
24 requirements included.

25 I would note that these guidelines were

1 circulated to all of the horsemen's
2 organizations. They were given to both of the
3 horse racing commissions, and copies have been
4 distributed to the attorneys representing all of
5 the Category 1 Licensees and applicants.

6 No one from any one of those groups had
7 any comments or concerns with the guidelines.
8 So unless there are any questions on specific
9 portions of them, I would ask for a motion for
10 approval of the guidelines by the Board.

11 COMMISSIONER COLINS: Mr. Chairman, I
12 move that the Board adopt the guidelines for the
13 use of funds allocated to horsemen's
14 organizations, such as required by Section
15 1406(b) of the Act; that the Board publish these
16 guidelines as a notice and guidelines in the
17 Pennsylvania Bulletin; and that the Board post
18 these guidelines on the Board's website.

19 COMMISSIONER COY: Second.

20 CHAIRMAN DECKER: Just so our
21 stenographer can hear that, we are adopting the
22 guidelines with respect to the use of funds. Am
23 I correct on that, Richard?

24 MR. SANDUSKY: That's correct.

25 CHAIRMAN DECKER: I didn't know if you

1 could hear.

2 MR. SANDUSKY: The other two parts were
3 that we would put them on our website and they
4 will be published in the Pennsylvania Bulletin.

5 CHAIRMAN DECKER: Okay. Thank you.

6 Any questions?

7 THE BOARD: [NO RESPONSE]

8 CHAIRMAN DECKER: All those in favor
9 indicate by saying aye.

10 THE BOARD: Aye.

11 CHAIRMAN DECKER: Any opposed?

12 THE BOARD: [NO RESPONSE]

13 CHAIRMAN DECKER: Thank you. The
14 motion carries.

15 I think next we have Maureen and
16 Michelle on certain Chapters --

17 MR. DONAGHUE: That's correct.

18 CHAIRMAN DECKER: -- 465, 466 and 467.
19 Michelle?

20 MS. AFRAGOLA: Yes. Thank you.

21 As Frank mentioned, the regulations
22 that are offered for your consideration today
23 are Chapters 465, 466 and 467.

24 These regulations pertain to accounting
25 and internal control standards. They also

1 pertain to slot computer systems and
2 commencement of operations.

3 These regulations have been edited and
4 revised by our staff, and in her spare time
5 Maureen has assisted us with this.

6 Upon your approval, the regulations
7 will be sent to Budget, the appropriate
8 Legislative Committees, IRCC, and the
9 Pennsylvania Bulletin for the beginning of a
10 30-day public comment period.

11 I will now go over, briefly, some of
12 the amendments: Chapter 465 discusses the
13 auditing, accounting and reporting requirements,
14 which the facilities must have in place during
15 the operation of the facility.

16 These regulations include procedures
17 and protocols related to accounting, auditing,
18 reporting, surveillance, suspicious activity
19 reporting, et cetera.

20 The changes in this chapter are largely
21 editorial. The definition section, which was
22 465.1, has been moved to the beginning of the
23 subpart, which is Chapter 461.

24 Aside from that, in Section 465.9, the
25 video surveillance retention requirements have

1 been amended, as well as the conditions for wire
2 transfer reversals.

3 Two additional sections have been added
4 to this chapter relating to the gaming day and
5 signature, and these are just provisions that
6 were originally in the definition section, and
7 we have moved them to separate sections.

8 Chapter 466 relates to slot computer
9 systems and Chapter 467 relates to commencement
10 of slot operations. These were just editorial
11 changes. There have been no substantive changes
12 in these chapters.

13 CHAIRMAN DECKER: Okay.

14 MS. AFRAGOLA: And that concludes my
15 presentation.

16 CHAIRMAN DECKER: Thank you. Any
17 questions?

18 COMMISSIONER COY: Mr. Chairman, I move
19 that the Board adopt the proposed regulations
20 number 125-49, pertaining to Chapters 465, 466
21 and 467; and that the Board establish a public
22 comment period of 30 days; and that the Board
23 post this proposed regulation on the Board's
24 website.

25 COMMISSIONER MARSHALL: Second.

1 CHAIRMAN DECKER: Thank you. All in
2 favor?

3 THE BOARD: Aye.

4 CHAIRMAN DECKER: Any opposed?

5 THE BOARD: [NO RESPONSE]

6 CHAIRMAN DECKER: Motion carries.

7 Thank you, Frank, and the rest of the
8 members of the staff.

9 MR. DONAGHUE: Thank you.

10 CHAIRMAN DECKER: Okay.

11 Next up is hearings and appeals,
12 Michael Edmiston. I guess -- Mickey Kane, are
13 you coming up as well?

14 MR. EDMISTON: Good afternoon,
15 Mr. Chairman, Members of the Board.

16 CHAIRMAN DECKER: Doug Sherman is here
17 as well. Thank you, Michael. I appreciate it.

18 MR. EDMISTON: This first order of
19 business is to withdraw -- the agenda calls for
20 the consideration of the withdrawal of Seven
21 Springs Farm, and Counsel Doug Sherwin is here
22 to join us in that aspect of your program.
23 Doug?

24 MR. SHERWIN: Good afternoon, Chairman
25 Decker and Members of the Board.

1 Currently pending before the Board is a
2 petition by Seven Springs Farms Incorporated to
3 withdraw its application for a conditional -- or
4 I'm sorry -- a Category 3 slot machine license,
5 along with those associated applications from
6 consideration by the Board.

7 The withdrawal is to be without
8 prejudice. The petition has been reviewed and
9 is in -- it's appropriate in form, and it's
10 based on the inability of the present owners of
11 Seven Springs Farms Incorporated to achieve an
12 ownership structure in compliance with the Act,
13 while still preserving the owner's obligations
14 to its major league baseball interests.

15 The Office of Enforcement Council has
16 not indicated any objection to the withdraw of
17 the Category 3 application and its associated
18 applications, provided that the outstanding
19 costs, which are owed to the Board for
20 investigation matters, are fulfilled prior to
21 the issuance of the withdrawal.

22 Counsel for the applicant of Seven
23 Springs Farms Incorporated has been contacted.
24 He represents that he concurs and is in
25 agreement with this requirement of the Office of

1 Chief Counsel.

2 Upon this basis, we request that the
3 Board consider the petition to withdraw the
4 application of Seven Springs Farms; and that the
5 associated application also be withdrawn under
6 these terms.

7 COMMISSIONER MARSHALL: Mr. Chairman, I
8 move that the Board approve the order granting
9 withdrawal of the application of Seven Springs
10 Farm Incorporated, and all applications and
11 waiver requests associated therewith.

12 CHAIRMAN DECKER: Thank you.

13 COMMISSIONER McCABE: Second.

14 CHAIRMAN DECKER: Thank you. Are there
15 any questions or comments?

16 THE BOARD: [NO RESPONSE]

17 CHAIRMAN DECKER: All those in favor,
18 please indicate by saying aye.

19 THE BOARD: Aye.

20 CHAIRMAN DECKER: Any opposed?

21 THE BOARD: [NO RESPONSE]

22 CHAIRMAN DECKER: Motion carries.

23 Thank you.

24 Now we are onto General Withdrawal
25 Petitions, Michael.

1 MR. EDMISTON: That's correct,
2 Mr. Chairman.

3 You have before you -- or will shortly
4 -- a motion authorizing, approving the
5 withdrawal of two affiliate applications, two
6 permittee applications, one entity qualifier
7 application, 14 key employer qualifier, employee
8 qualifier applications and one manufacturer
9 license application.

10 There are no issues with these items en
11 masse as to the approval without prejudice by
12 the Office of Chief Enforcement Council, and
13 there has been consent and a reconciliation --
14 excuse me -- there has been a reconciliation of
15 accounts and consent by the attorneys for all of
16 the withdrawals.

17 There are two exceptions to that
18 general statement. One of the key employee
19 qualifiers is a withdrawal with prejudice, one
20 of the 14, and the manufacturer license
21 applicant is subject to conditions that relate
22 to expenditures for investigation.

23 That is all I have for you.

24 CHAIRMAN DECKER: Okay. May I have a
25 motion?

1 COMMISSIONER McCABE: Mr. Chairman, I
2 move that the Board approve the order granting
3 withdrawal of the applications of Paulette
4 Bailey, Eugene D. DeNardo, Michael Mauser, MLGC,
5 LP, Robert Neugebauer, North American Gaming,
6 Inc., Timothy B. Nyman, Marc Crisafulli, Philip
7 R. Lochner, Jr., Christine Cournoyer, Burnett W.
8 Donoho, Paget Alves and William Meadowbrook and
9 Reginald C. Orme, PDS Holding Company, Inc.; and
10 the key employee qualifier applications of Peter
11 Douglas Cleary and Lona Mae Finley, Bradley K.
12 Serwin, the St. George Group, LLC and Matthew
13 Wetzel.

14 CHAIRMAN DECKER: Okay. Thank you.
15 Second?

16 COMMISSIONER MARSHALL: Second.

17 CHAIRMAN DECKER: Any questions or
18 comments?

19 THE BOARD: [NO RESPONSE]

20 CHAIRMAN DECKER: All those in favor?

21 THE BOARD: Aye.

22 CHAIRMAN DECKER: Opposed?

23 THE BOARD: [NO RESPONSE]

24 CHAIRMAN DECKER: Motion carries.

25 Thank you.

1 I think we have another item. Mickey?

2 MS. KANE: Yes, Mr. Chairman and
3 Members of the Board.

4 You have before you for disposition
5 today two motions requesting attorneys licensed
6 in Nevada be granted permission to appear before
7 Pennsylvania Gaming Control Board for the
8 purpose of representing a specific entity that
9 has business before the Board.

10 The status of these attorneys was
11 reviewed by the Office of Chief Counsel, which
12 has expressed no objection.

13 CHAIRMAN DECKER: Thank you. May I
14 have a motion?

15 COMMISSIONER RIVERS: Yes.

16 Mr. Chairman, I move that the Board
17 approve the order granting the motion for
18 admission pro hac vice to John A. Godfrey and
19 Lynn Handler.

20 COMMISSIONER MARSHALL: Second.

21 CHAIRMAN DECKER: Thank you. Any
22 questions?

23 THE BOARD: [NO RESPONSE]

24 CHAIRMAN DECKER: All of those in
25 favor?

1 THE BOARD: Aye.

2 CHAIRMAN DECKER: Any opposed?

3 THE BOARD: [NO RESPONSE]

4 CHAIRMAN DECKER: Motion carries.

5 Thank you Doug, Michael and Mickey.

6 Richard, please.

7 I will introduce Richard Williamson,
8 Director of our Gaming Laboratory Operations.

9 MR. WILLIAMSON: Good afternoon,
10 Chairman Decker and illustrious Board Members
11 all.

12 I have a few agenda items to present
13 for your consideration and action. Pursuant to
14 Section 1320, the Board may determine at its
15 discretion that the slot machine testing
16 certification standards of another jurisdiction
17 within the United States can be relied upon for
18 the abbreviated process.

19 I have a long-standing relationship
20 with the Michigan Gaming Control Board's Gaming
21 Laboratory and was instrumental in its
22 development. I even lost an employee to that
23 agency for the cause.

24 The rules and procedures of MGCB are
25 substantially similar to those of the

1 Commonwealth. It is the recommendation of the
2 Bureau of Gaming Laboratory Operations that the
3 Board approve the Michigan Gaming Control Board
4 as a peer jurisdiction, upon which this agency
5 can rely for the purpose of the abbreviated
6 process authorized in Section 1320.

7 COMMISSIONER ANGELI: Mr. Chairman,
8 pursuant to Section 1320 of the Pennsylvania
9 Racehorse Development and Gaming Act, and based
10 upon careful comparison of applicable regulatory
11 requirements, I would like to move that the
12 Board determine that the slot machine and
13 associated equipment testing standards of
14 Michigan are sufficiently comprehensive and
15 thorough and provide similar adequate safeguards
16 to those required under Act's regulations and
17 the technical standards adopted by the Board to
18 permit the Board to rely on approvals by those
19 jurisdictions for the purposes of implementing
20 an abbreviated testing process for slot machines
21 and associated equipment conducted pursuant to
22 the Act in Chapter 461 of the Pennsylvania
23 Gaming Control Board regulations.

24 COMMISSIONER COY: Second.

25 CHAIRMAN DECKER: Thank you.

1 Any questions for Richard?

2 THE BOARD: [NO RESPONSE]

3 CHAIRMAN DECKER: All those in favor?

4 THE BOARD: Aye.

5 CHAIRMAN DECKER: Any opposed?

6 THE BOARD: [NO RESPONSE]

7 CHAIRMAN DECKER: Motion carries.

8 Thank you.

9 MR. WILLIAMSON: Before you is a
10 resolution to approve the latest results of the
11 lab's review. The Bureau of Gaming Laboratory
12 Operations recommends the approval of 3,024
13 percentages and the rejection of 84 percentages.

14 Although approved under other state's
15 rules, the rejected percentages failed to meet
16 the Commonwealth's minimum standards.

17 These programs represent product
18 submissions from Aristocrat, Atronic, Bally,
19 IGT, Konami, WMS Gaming; and jurisdictions upon
20 which this agency relied were New Jersey,
21 Nevada, Michigan and Pennsylvania.

22 CHAIRMAN DECKER: Richard, are some of
23 these new to Pennsylvania or that is going to
24 come up later?

25 MR. WILLIAMSON: Some of these are new

1 to Pennsylvania, yes.

2 CHAIRMAN DECKER: So it's the first
3 time they've been introduced anywhere. Correct?

4 MR. WILLIAMSON: Yes, that's correct.

5 CHAIRMAN DECKER: That's very
6 interesting.

7 May I have a motion, please?

8 COMMISSIONER COLINS: I would like to
9 move that the Board approve Resolution 2006-33
10 GL to approve slot machine programs and
11 theoretical payout percentages.

12 CHAIRMAN DECKER: Thank you. May I
13 have a second, please?

14 COMMISSIONER MARSHALL: Second.

15 CHAIRMAN DECKER: Any questions?

16 THE BOARD: [NO RESPONSE]

17 CHAIRMAN DECKER: All those in favor,
18 please indicate by saying aye.

19 THE BOARD: Aye.

20 CHAIRMAN DECKER: Any opposed?

21 THE BOARD: [NO RESPONSE]

22 CHAIRMAN DECKER: Motion carries.

23 Thank you.

24 Richard?

25 MR. WILLIAMSON: The next agenda item I

1 would like to hold until after a licensing
2 matter is brought up.

3 CHAIRMAN DECKER: Okay.

4 MR. WILLIAMSON: So we will pass that.

5 In order for the Board to quickly
6 respond to the needs of the slot machine
7 licensees, it is a recommendation of this Bureau
8 that delegated authority be granted to the
9 Executive Director for Product Approval that are
10 necessary between the regular meetings of the
11 Board.

12 COMMISSIONER MARSHALL: Mr. Chairman, I
13 move that we delegate authority to the Executive
14 Director for the approval of slot machine
15 prototypes and associated equipment prototypes
16 and modifications thereto.

17 COMMISSIONER COY: Second.

18 CHAIRMAN DECKER: Any questions?

19 THE BOARD: [NO RESPONSE]

20 CHAIRMAN DECKER: All those in favor?

21 THE BOARD: Aye.

22 CHAIRMAN DECKER: Any opposed?

23 THE BOARD: [NO RESPONSE]

24 CHAIRMAN DECKER: Motion carries.

25 MR. WILLIAMSON: This resolution for

1 your consideration, this next one, is in
2 response to Harrah's Downs and Marina, LLC, a
3 request to possess slot machines at its facility
4 at 1 Morton Avenue in Chester, Pennsylvania.

5 The area where the slot machines will
6 be placed is the actual area where the gaming
7 activity will occur.

8 Agents of BIE have inspected the
9 facility and, as a result, the interposes no
10 objections to this request.

11 The requisite conditions for
12 transportation and access to the slot machines
13 by licensed personnel is part of the resolution.

14 COMMISSIONER McCABE: Mr. Chairman --

15 CHAIRMAN DECKER: Yes, please.

16 COMMISSIONER McCABE: -- I move to
17 approve resolution 2006-35 GL, which authorizes
18 the possession of slot machines by Chester Downs
19 and Marina, LLC, for the purpose of maintaining
20 them for use or training in compliance with
21 requirements of 58 PA Code, Chapter 463, subject
22 to compliance by Chester Downs Marina, LLC with
23 all applicable requirements with regard to
24 possession, transportation and securing slot
25 machines.

1 CHAIRMAN DECKER: Thank you. A second?

2 COMMISSIONER RIVERS: Second.

3 CHAIRMAN DECKER: Thank you.

4 Any questions for Richard on that
5 point?

6 THE BOARD: [NO RESPONSE]

7 CHAIRMAN DECKER: All of those in
8 favor, please indicate by saying aye.

9 THE BOARD: Aye.

10 CHAIRMAN DECKER: Any opposed?

11 THE BOARD: [NO RESPONSE]

12 CHAIRMAN DECKER: Motion carries.

13 Thank you, Richard. We will hear from you again
14 shortly.

15 MR. WILLIAMSON: Yes, after Director
16 Hensel.

17 CHAIRMAN DECKER: Well, what we have
18 decided to do, before we turn to licensing, we
19 are going to take a recess now and have our
20 lunch, and also we are going to come back and
21 then deal with our -- excuse me -- our
22 suitability hearing on a Category 3 licensee,
23 and then we will come back and reconvene the
24 Board meeting.

25 So we will take 20 minutes. We will

1 come back here at 20 of 2.

2 (Meeting recessed for lunch and
3 continuation of a suitability hearing from
4 1:20 p.m. to 2:20 p.m.)

5 CHAIRMAN DECKER: We will reconvene our
6 Board Meeting for today. Our next topic is,
7 coincidentally, licensing.

8 We have a Conditional one -- excuse me,
9 Conditional Category 1 operator license for
10 Presque Isle Downs, Inc. Am I correct?

11 MR. SCHWOYER: There are two pending
12 withdrawal petitions.

13 CHAIRMAN DECKER: Fine. That is still
14 part of that overall umbrella, is it not?

15 MR. SCHWOYER: Yes, sir.

16 CHAIRMAN DECKER: Okay. Then let's go
17 ahead. Michael, you first?

18 MR. SCHWOYER: Yes, sir.

19 There are two withdrawal petitions
20 filed by Presque Isle Downs. One docketed at
21 1350-09-06-P108 --

22 CHAIRMAN DECKER: Okay.

23 MR. SCHWOYER: -- that is the key
24 employer qualifier application of Theodore
25 Dragisich; and one docket at 1350-10-06-P123,

1 petition to withdraw the key employer qualifier
2 entity of Technica Development Corp and the
3 application filed and waiver applications filed
4 in connection therewith.

5 The Office of Enforcement Council is
6 recommending those petitions be granted without
7 prejudice and the Dragisich withdrawal order,
8 the Office of Enforcement Council is
9 recommending that that be subject to four
10 conditions, which are set forth in the proposed
11 order.

12 COMMISSIONER MARSHALL: Mr. Chairman, I
13 move that we approve the petitions to withdraw
14 both applications.

15 COMMISSIONER COY: Second.

16 CHAIRMAN DECKER: Are there any
17 questions or comments for the staff about this
18 Applicant?

19 COMMISSIONER COLINS: My concerns have
20 been by addressed so I have nothing further.

21 CHAIRMAN DECKER: Okay. So now we are
22 voting on the withdrawal of these applicants.
23 All of those in favor, please indicate by saying
24 aye.

25 THE BOARD: Aye.

1 CHAIRMAN DECKER: Any opposed?

2 THE BOARD: [NO RESPONSE]

3 CHAIRMAN DECKER: Motion carries.

4 Thank you. Next up?

5 MS. HENSEL: Thank you, Chairman
6 Decker, and good afternoon, Members of the
7 Board. There are several licensing matters that
8 I would like to bring to your attention today.

9 The first is to present the Presque
10 Isle Downs, Inc., Conditional Category 1 license
11 application.

12 Presque Isle Downs has had its
13 suitability hearing, and you've had an
14 opportunity to review the record, including the
15 suitability report.

16 Should the Board approve Presque Isle
17 Downs, Inc., it would be subject to a number of
18 provisions. I would like to briefly review some
19 of these items with you.

20 First, prior to license issuance, the
21 applicant would be required to complete the
22 following: Pay any outstanding fee other than
23 the \$50 million licensing fee, sign a statement
24 of conditions, and pay the one-time \$50 million
25 slot machine license fee required by Racehorse

1 Development and Gaming Act. This must be made
2 no later than four months from the date of
3 approval of license or 10 business days prior to
4 the beginning of the test period necessary to
5 commence slot machine operations, whichever
6 would commence first. The 30-day appeal period
7 would also have had to expire.

8 In addition, with respect to the
9 commencement of slot machine operations, the
10 Board's approval of a license would include a
11 delegation of authority to a designated board
12 member.

13 This delegation would grant the
14 delegated board member the authority to permit
15 the approved licensee to commence a test period
16 pursuant to the Board's regulations.

17 The delegation would also include, in
18 consultation with the Executive Director, the
19 ability for the designated board member to
20 determine the successful completion of the test
21 period, and to authorize the effective date and
22 time at which slot operations may commence.

23 As was true with the other conditional
24 Category 1 applicants, those approved for a
25 conditional Category 1 license are subject to a

1 statement of conditions containing general and,
2 in some cases, specific conditions.

3 The Presque Isle Downs application is
4 now before the Board for consideration. As has
5 been stated in the record, the Bureau of
6 Investigations and Enforcement, the Bureau of
7 Licensing, and the Bureau of Corporate
8 Compliance and Internal Controls are not aware
9 of any information that would preclude
10 licensure.

11 CHAIRMAN DECKER: Thank you. Anything
12 else?

13 MR. SCHWOYER: I would just like to
14 reiterate that the Office of Enforcement Council
15 is recommending that in addition to the general
16 statement of conditions applicable to Category 1
17 applications or licenses, that the Presque Isle
18 Downs' license, should the Board approve their
19 application, be subject to some special
20 conditions pertaining to some individuals and
21 some companies as well as business operations.

22 CHAIRMAN DECKER: Thank you.

23 Denyse, do you have anything else to
24 add?

25 MS. MISKIN: No.

1 CHAIRMAN DECKER: Thank you.

2 All right. May I have a motion?

3 COMMISSIONER RIVERS: Yes.

4 Mr. Chairman, after considering all of
5 the information in the evidentiary record,
6 considering the application of Presque Isle
7 Downs, I make a motion to approve Presque Isle
8 Downs for a Conditional Category 1 slot machine
9 license under Section 1315 of the Pennsylvania
10 Racehorse Development and Gaming Act, and award
11 the appropriate license to its key employee
12 qualifiers to whom the Bureau of Investigation
13 and Enforcement and the Bureau of Licensing has
14 no objections.

15 COMMISSIONER COLINS: This is
16 Commissioner Colins. Is there a vote? I cannot
17 hear.

18 MS. NEEB: Yes, there is a vote, and I
19 would request the Board do a roll call.

20 CHAIRMAN DECKER: We need a second.

21 COMMISSIONER MARSHALL: Second.

22 CHAIRMAN DECKER: Are there any
23 questions first?

24 THE BOARD: [NO RESPONSE]

25 CHAIRMAN DECKER: Can we have the roll

1 call, please?

2 MR. RESCH: Angeli.

3 COMMISSIONER ANGELI: Yes.

4 MR. RESCH: Colins. Colins.

5 MS. NEEB: Commissioner Colins, can you
6 hear?

7 COMMISSIONER COLINS: Yes. If it is
8 time to vote, I vote yes.

9 CHAIRMAN DECKER: Okay. Thank you.

10 MR. RESCH: Coy.

11 COMMISSIONER COY: Yep.

12 MR. RESCH: Marshall.

13 COMMISSIONER MARSHALL: Yes.

14 MR. RESCH: McCabe.

15 COMMISSIONER McCABE: Yes.

16 MR. RESCH: Rivers.

17 COMMISSIONER RIVERS: Yes.

18 MR. RESCH: Decker.

19 CHAIRMAN DECKER: Yes.

20 MR. RESCH: Motion passes.

21 CHAIRMAN DECKER: Motion passes. Thank
22 you and congratulations to our new license --
23 new approved Applicant, I should say, Presque
24 Isle Downs. Thank you.

25 Susan?

1 MS. HENSEL: Mr. Chairman, I would like
2 to next turn the Board's attention to two
3 manufacturer applicants.

4 Prior to today's meeting, each of you
5 was provided with background investigation and
6 executive summary suitability report for Mikohn
7 Gaming Corporation and DigiDeal Corporation.

8 The applications for both of these
9 applicants were put through our standard
10 licensing procedure, including an investigation
11 by the Bureau of Investigation and Enforcement.

12 Should the Board approve licensure for
13 these companies, they would be subject to a
14 series of standard conditions. We have provided
15 copies of the standard conditions to you, and at
16 prior public meetings of the Board have
17 explained the general nature of these
18 conditions.

19 In addition, you have been provided
20 with the manufacturer orders for these
21 applicants. The orders are standard and have
22 been read into the record on prior occasions. I
23 will provide the draft orders to the
24 stenographer for incorporation into the record
25 following this meeting.

1 I have conferred with Chief Enforcement
2 Counsel Mike Schwoyer, and neither the Bureau of
3 Investigation and Enforcement nor the Bureau of
4 Licensing have identified any issues that would
5 preclude licensure.

6 Mr. Chairman, we present these
7 applications to you for your consideration and
8 ask that the Board vote on the two applicants
9 individually.

10 CHAIRMAN DECKER: Thank you. I will
11 start with -- I am going to mess this up.
12 Mikohn?

13 COMMISSIONER ANGELI: Mr. Chairman, I
14 move that the Board adopt the order approving
15 manufacturer license for Mikohn Gaming
16 Corporation.

17 COMMISSIONER MARSHALL: Second.

18 CHAIRMAN DECKER: Any questions?

19 THE BOARD: [NO RESPONSE]

20 CHAIRMAN DECKER: All those in favor,
21 please indicate by saying aye.

22 THE BOARD: Aye.

23 CHAIRMAN DECKER: Any opposed?

24 THE BOARD: [NO RESPONSE]

25 CHAIRMAN DECKER: Motion carries.

1 Now we will move on to the second
2 applicant, DigiDeal Corp. Even I can pronounce
3 that.

4 COMMISSIONER COLINS: Mr. Chairman, I
5 would like to make a motion to adopt the Board
6 order approving a manufacturer license for
7 DigiDeal Corporation.

8 COMMISSIONER MARSHALL: Second.

9 CHAIRMAN DECKER: Any questions?

10 THE BOARD: [NO RESPONSE]

11 CHAIRMAN DECKER: All of those in
12 favor?

13 THE BOARD: Aye.

14 CHAIRMAN DECKER: Any against?

15 THE BOARD: [NO RESPONSE]

16 CHAIRMAN DECKER: Motion carries.

17 Thank you.

18 MS. HENSEL: The next item before you
19 is an order approving the reports from the
20 Bureau of Licensing on gaming and non-gaming
21 employees.

22 Prior to this meeting, the Bureau of
23 Licensing provided you with a list of 254
24 individuals, who the Bureau granted occupation
25 permits to under the authority delegated to the

1 Director of Licensing at the Board's last
2 meeting.

3 These individuals are primarily
4 employed by Downs Racing, LP and a variety of
5 manufacturers and suppliers.

6 I ask that the Board vote on the
7 proposed order.

8 CHAIRMAN DECKER: Thank you.

9 COMMISSIONER MARSHALL: Mr. Chairman, I
10 move that we approve an order accepting the
11 report of the Bureau of Licensing regarding the
12 issuance of employee credentials, permits and
13 registrations.

14 COMMISSIONER RIVERS: Second.

15 CHAIRMAN DECKER: Thank you.

16 Any questions or comments?

17 COMMISSIONER MARSHALL: Should I read
18 the 250?

19 CHAIRMAN DECKER: All those in favor,
20 quickly.

21 THE BOARD: Aye.

22 CHAIRMAN DECKER: Any opposed?

23 THE BOARD: [NO RESPONSE]

24 CHAIRMAN DECKER: Motion carries.

25 Susan?

1 MS. HENSEL: The final item from the
2 Bureau of Licensing is an amendment to the order
3 delegating authority to the Director of
4 Licensing to issue appropriate permits,
5 registrations and credentials to gaming and
6 non-gaming employees.

7 The amendment would also permit the
8 issuance of temporary key licenses to key
9 employees of manufacturers and suppliers.

10 This delegation will only be exercised
11 upon the Bureau of Licensing's receipt of
12 assurances from the Director of the Bureau of
13 Investigations and Enforcement that no reason
14 exists upon which to deny the temporary
15 credentials.

16 The Bureau of Licensing will continue
17 to present its report listing all gaming,
18 non-gaming and key employees to the Board for
19 your approval, should you accept this amendment.

20 CHAIRMAN DECKER: Thank you, Susan.
21 May I have a motion, please?

22 COMMISSIONER COY: Mr. Chairman, I
23 hereby move that the Board approve the order
24 which delegates the authority to issue key
25 employee licenses and gaming employee occupation

1 permits, non-gaming employee registrations and
2 appropriate credentials to employees and slot
3 machine licensees, manufacturer licensees,
4 supply licensees, certified vendor licensees or
5 applicants to the Director of the Bureau of
6 Licenses.

7 COMMISSIONER RIVERS: Second.

8 CHAIRMAN DECKER: Thank you. Any
9 questions or comments?

10 THE BOARD: [NO RESPONSE]

11 CHAIRMAN DECKER: All of those in
12 favor?

13 THE BOARD: Aye.

14 CHAIRMAN DECKER: Any opposed?

15 THE BOARD: [NO RESPONSE]

16 CHAIRMAN DECKER: Motion carries.

17 Thank you, Susan, Denyse, Michael. Is there
18 another one?

19 MS. HENSEL: No, that concludes our
20 presentation.

21 CHAIRMAN DECKER: Richard.

22 MR. WILLIAMSON: Timing is everything.

23 CHAIRMAN DECKER: Thank you.

24 MR. WILLIAMSON: Good afternoon.

25 The next and last item before you is

1 resolution to approve slot machines and
2 associated equipment, hardware and software.

3 This list includes slot machine models,
4 bill validators, printers, slot machine
5 operating systems, a slot monitoring system, a
6 casino management system, a voucher system, a
7 player tracking system, automated gaming voucher
8 and coupon redemption machine, count room
9 equipment and progressive controllers.

10 This collection of products were
11 submitted from Aristocrat, Atronic, Bally, IGT,
12 Konami, PGI, also known as Mikohn, WMS Gaming,
13 Western Money Systems. And the jurisdictions
14 upon which this agency relied were New Jersey,
15 Nevada, Michigan and Pennsylvania.

16 CHAIRMAN DECKER: Thank you. May I
17 have a motion?

18 COMMISSIONER COY: Mr. Chairman, I move
19 to approve Resolution 2006-34, Gaming Laboratory
20 Operations to approve slot machine and
21 associated equipment, hardware and software.

22 COMMISSIONER MARSHALL: Second.

23 CHAIRMAN DECKER: Motion carries.

24 Thank you, Richard. I presume nobody
25 had any questions for them since we discussed

1 this.

2 MR. WILLIAMSON: It's a huge list. I
3 wish to acknowledge the efforts of my staff,
4 Michael Cruz, Heather Dill and Nimish Purohit --

5 CHAIRMAN DECKER: Thank you, again.
6 Great help.

7 MR. WILLIAMSON: Thank you very much.

8 CHAIRMAN DECKER: Now, to our favorite
9 item. Adjournment.

10 COMMISSIONER MARSHALL: Second.

11 COMMISSIONER COY: So moved.

12 CHAIRMAN DECKER: But before we do
13 that, I want to make just a quick scheduling
14 note. Obviously we will reconvene in five
15 seconds for our licensing hearing or suitability
16 hearing, then we will be -- excuse me -- and I
17 also want to mention that we are going to be
18 holding hearings on the five Category 2
19 applicants for Philadelphia on November 13th,
20 14th and 15th, and remind everyone that we are
21 having the same suitability hearings on three
22 Category 2 applicants for Pittsburgh on November
23 20th and 21st.

24 Our next public meeting will be held --
25 excuse me. I thought we -- our next public

1 meeting is on November 21st at 1:00 p.m. All of
2 these hearings will take place at the State
3 Museum.

4 Again, like all of our hearings and
5 meetings, they will be open to the public.

6 I think I already had a motion for
7 adjournment. All of those in favor?

8 THE BOARD: Aye.

9 CHAIRMAN DECKER: Any opposed?

10 THE BOARD: [NO RESPONSE]

11 CHAIRMAN DECKER: The motion carries.

12 We are adjourned.

13 (Board meeting concluded at 2:29 p.m.)

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1 I hereby certify that the proceedings
2 and evidence are contained fully and accurately
3 in the notes taken by me on the within
4 proceedings and that this is a correct
5 transcript of the same.

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Lorraine T. Herman, RPR
Reporter - Notary Public

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