

PENNSYLVANIA GAMING CONTROL BOARD

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IN RE: PUBLIC MEETING

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PENNSYLVANIA CAPITAL COMPLEX

HEARING ROOM 1

NORTH OFFICE BUILDING

COMMONWEALTH & NORTH STREETS

HARRISBURG, PA 17106

WEDNESDAY, AUGUST 8, 2007

* * * * *

BEFORE:

THOMAS DECKER, CHAIRMAN

RAYMOND ANGELI

MARY DiGIACOMO COLINS

JEFFREY W. COY

KENNETH McCABE

SANFORD RIVERS

GARY A. SOJKA

REPORTER: KENNETH D. O'HEARN

REPORTER - NOTARY PUBLIC

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1 MR. DECKER:

2 Good morning everyone. I'm Tad Decker.
3 I'm Chairman of the Pennsylvania Gaming Control Board,
4 and I'd like to welcome you all to our meeting today,
5 this public meeting today. The quorum of the Board
6 being present this meeting is now called to order.

7 We also have Keith Welks here. Keith,
8 where's Keith --- there he is. Okay. I didn't see
9 him when I first walked in. He's attending on behalf
10 of State Treasurer Robin Weissman, I think Stacey
11 Ambler and Andrea Mead --- are you here also? I don't
12 see them. Oh, there they are. Thank you. Thanks for
13 coming. They are here from the Department of Revenue.
14 And thank you for joining us.

15 Moving along to one of our regular
16 housekeeping items, let me remind everyone, obviously
17 myself, too, I violated a second ago, have to turn off
18 their cell phones and Blackberries and other
19 electrical devices, because they may interfere with
20 the sound system.

21 By way of announcement, the Board held an
22 Executive Session on Tuesday, August 7th, and ---
23 pardon me? I apologize. I forgot our usual. Please
24 join me in the Pledge of Allegiance. Thank you.
25 Sorry. Thank you.

1 PLEDGE OF ALLEGIANCE RECITED

2 MR. DECKER:

3 Can everyone hear okay? Again, by way of
4 announcements, the Board held an Executive Session on
5 Tuesday, August 7th, and this morning prior to the
6 meeting, in accordance with the Sunshine Act to
7 discuss personnel issues, privileged agency business,
8 and to consult with Counsel and other professional
9 advisors to the Board concerning current litigation,
10 and that which complaints are expected to be filed.

11 We did have one business matter that we
12 dealt with in the meeting, and that was the extension
13 and the restatement of Anne Neeb's contract. So Anne's
14 going --- Anne's contract is extended for another
15 year, and it's been amended accordingly.

16 Moving on to the transcript of minutes.
17 May I have a motion for the Board to approve the
18 transcripts and minutes of the June 21st and July 8th
19 meetings?

20 MR. ANGELI:

21 Mr. Chairman, I move that the Board
22 approve the transcripts and minutes of the June 21st
23 and July 8th, 2007 meetings.

24 MR. DECKER:

25 Thank you. Any comments? All in favor?

1 AYES RESPOND

2 MR. DECKER:

3 Any opposed?

4 NO RESPONSE

5 MR. DECKER:

6 Motion carries. Thank you. Moving on to
7 new business, first up is our Executive Director, Anne
8 Need. Anne?

9 MS. NEEB:

10 Good morning, Chairman Decker, members of
11 the board. I would like to make two announcements
12 quickly before we move into our agenda. We'd like to
13 announce that Kevin Hayes was made Director of Gaming
14 Operations, and that Paul Resch has been named
15 legislative liaison. So we would like to congratulate
16 those individuals and make that announcement for the
17 record.

18 We have here today --- we will be hearing
19 from the Category 1 applicants, concerning the status
20 of their facilities.

21 Before we get into that, we have a
22 motion, and I'd like to ask Mr. Hayes to go ahead and
23 address it.

24 MR. HAYES:

25 Thank you, Anne. Mr. Chairman, members

1 of the board, good morning. Mount Airy #1, LLC,
2 Category 2 slot machine license has submitted a formal
3 request to begin accepting delivery of slot machines
4 for the purpose installing and training.

5 These machines will be installed and
6 configured on the Mount Airy Resort and Casino gaming
7 floor, located at 44 Woodland Road, Paradise Township,
8 Monroe County.

9 Along with this request, Mount Airy has
10 submitted a detailed plan concerning the delivery,
11 transportation and security of the slot machines.
12 These plans conform to all of their requirements set
13 forth in Chapter 463(a) with the Board's permanent
14 regulation, relating to the possession of slot
15 machines.

16 In addition, BIE has inspected the
17 facility and has not found any outstanding security
18 issues that indicate that the facility is unsuitable
19 to possess and store slot machines.

20 I would now request that the Board
21 entertain a motion, adopting the resolution which
22 authorizes Mount Airy #1, LLC to take possession of
23 slot machines. Thank you.

24 MR. DECKER:

25 Thank you. Can I have a motion to that

1 effect, please?

2 MR. SOJKA:

3 Yes, Mr. Chairman. I move to approve the
4 resolution which authorizes Category 2 slot machine
5 licensee, Mount Airy #1, LLC, to take possession of
6 slot machines for the purpose of maintaining and for
7 use, training or operation in compliance with the
8 requirements of Chapter 463(a) of the Board's
9 regulation.

10 Subject to compliance with all applicable
11 requirements pertaining to the possession,
12 transportation and security of slot machines.

13 MR. DECKER:

14 Thank you. Is there a second, please?

15 MR. RIVERS:

16 Second.

17 MR. DECKER:

18 Thank you. Any questions or comments for
19 Anne or Kevin? Hearing none, all those in favor?

20 AYES RESPOND

21 MR. DACKER:

22 Any opposed?

23 NO RESPONSE

24 MR. DECKER:

25 The motion carries. Thank you.

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MR. HAYES:

The next item that I'd like to present to the Board for consideration concerns the opening of Mount Airy Resort and Casino.

For the five previous casino openings, the Board has delegated authority to one or two board members to oversee the test period and authorize commencement of slot machines at the licensed facility.

For the approaching opening of Mount Airy Resort and Casino, Board Member Angeli, as a board member from the northeastern part of the state, has agreed to take on the responsibility on behalf of the Board.

With that, I respectfully request that the Board entertain a motion which delegates Board authority to Board Member Angeli to approve all pre-opening conditions to the Category 2 slot machine license of Mount Airy #1, LLC and to authorize the effective date and time which slot operations may commence at Mount Airy Resort and Casino.

MR. DECKER:

Thank you, Kevin. May I have a motion to the effect of delegating authority to Commissioner Ray Angeli?

1 MR. COY:

2 Mr. Chairman, I move the Board delegate
3 the authority to Board Member Angeli to approve all
4 terms and conditions of the Category 2 slot machine
5 license of Mount Airy #1, LLC and to authorize the
6 effective date and time which slot operations may
7 commence at Mount Airy Resort and Casino in Paradise
8 Township, Monroe County. Pursuant to the Board's
9 Order dated December 20, 2006.

10 MR. DECKER:

11 Thank you. Is there a second?

12 MR. MCCABE:

13 Second.

14 MR. DECKER:

15 Thank you. Any questions or comments?

16 All those in favor?

17 AYES RESPOND

18 MR. DECKER:

19 Any opposed?

20 NO RESPONSE

21 MR. DECKER:

22 Motion carries. Thank you, Kevin. Anne?

23 MS. NEEB:

24 Yes. Thank you, Mr. Chairman.

25 MR. DECKER:

1 Thank you.

2 MS. NEEB:

3 At this time I'll go ahead and introduce
4 you all to the Director of Racetrack Gaming, Melinda
5 Tucker, to handle the presentation of the status of
6 permanent facilities.

7 MS. TUCKER:

8 Good morning, Mr. Chairman and members of
9 the board. The next item on the Board's agenda today
10 is the presentation on the status of the permanent
11 facilities. And we have invited six of the Category
12 --- or four of the Category 1 facilities to make a
13 presentation, and two Category 2 facilities are also
14 here to make a presentation.

15 The first Category 1 facility on the
16 Board's agenda is the Mohegan Sun at Pocono Downs, and
17 Bob Soper is here to make a presentation on behalf of
18 Mohegan Sun.

19 MR. DECKER:

20 Good morning, Mr. Soper.

21 MR. SOPER:

22 Good morning, Mr. Chairman, members of
23 the Gaming Control Board. We certainly, on behalf of
24 Mohegan Sun at Pocono Downs, appreciate the
25 opportunity to share some information about the status

1 of our permanent facility, which we have deemed
2 Project Sunrise. So when I give a reference to
3 Project Sunrise, I am referring to our permanent
4 facility.

5 I have a brief slide presentation, much
6 of which include some sets of pictures to illustrate
7 our design plans and methodology, but I thought I
8 would spend most of the focus on interior conceptual
9 design since you've already received a lot of
10 information outside of that, and I want to focus on
11 new information and keep it brief as possible. Of
12 course, I would be happy to entertain any questions
13 about anything related to the project during the
14 presentation or afterwards.

15 I would like to start off by noting our
16 construction schedule, which fortunately has not been
17 altered thus far. As you probably know, we kicked off
18 the commencement of construction of Project Sunrise
19 with a groundbreaking ceremony on May 4th. We
20 anticipate completion of the project in late summer of
21 next year. Approximately 12 months from now.

22 Logistically, our goal and plan is to
23 have a seamless transition between the two phases,
24 such that we'll open with a full capacity of slot
25 units and non-gaming amenities in the new structure,

1 without disturbing the current facility until Project
2 Sunrise is open.

3 Upon the opening of Project Sunrise,
4 we'll likely make additional modifications to our
5 Phase I facility to accommodate various amenities,
6 perhaps meeting and event space, though it is also
7 likely that we will keep gaming units in the Phase I
8 facility, which I'll briefly touch upon in a minute.

9 I have --- just to illustrate some of the
10 progress we've made since May 4th, I have a few
11 photographs of work occurring on the site. Demolition
12 work is complete. We also have been, you know,
13 diligently working on site work, which is
14 substantially complete, and the --- the foundation has
15 also been poured, so we're almost complete with the
16 foundation. And I'm happy to announce as of last
17 week, we have steel going up. So it's starting to
18 take shape. And our goal is by the end of this winter
19 we'll have the building fully enclosed, hopefully
20 avoiding some of the weather elements of northeast
21 Pennsylvania.

22 As you're well aware, our plans have been
23 consistent all along. Our Phase II facility, Project
24 Sunrise, we will incorporate a total of 2,500 slot
25 units. That encompasses the new casino, which is

1 approximately 2,000 slot units. It's probably a
2 little more than that, closer to 2,100, as well as
3 keeping approximately 300 to 400 in our current
4 facility.

5 Our goal is to be able to utilize our
6 current facility to drive people --- drive traffic
7 there. That's why we're adding additional amenities.
8 We have the racetrack operations there, and we want to
9 keep the energy we've gained from racetrack
10 operations, and hopefully even grow more by adding
11 those amenities.

12 In addition, Project Sunrise will include
13 a 300-seat buffet, a high-end food court, some retail
14 shops, approximately 7,000 square feet. Three full
15 service restaurants, one of which will convert to a
16 nightclub. We'll have several bars and lounges in
17 addition to that nightclub, and then we will have
18 amenities to accommodate that track.

19 Just to give you an idea of the exterior
20 area of the facility and put into context to how it
21 relates to our current facility, near the track you
22 see the rectangular shape, that's where our existing
23 casino is and the larger structure, obviously, is what
24 we're doing now, and it will be our future facility.

25 And also this is consistent with previous

1 submissions that --- you know, showing you here, the
2 layout. This distinctive building configuration is
3 somewhat of a hallmark at the Mohegan property, as it
4 is defined by multiple points of entry, high ceilings,
5 a circular gaming floor with signature central
6 feature, and perimeter circulation leading to an array
7 of retail, entertainment and food and beverage
8 amenities to further expand the comprehensive patron
9 experience.

10 In regards to design, as I mentioned
11 earlier, I would like to spend a little more time
12 talking about the interior design concepts and the
13 inspiration behind them. Since that's something we
14 really haven't previously disclosed.

15 The design inspiration is really drawn
16 its inspiration from basically three important
17 influences. First, the region. The design concept is
18 inspired by context, the rolling majesty of the
19 northeast Pennsylvania mountains, and its furtive
20 richness of the Susquehanna River Valley.

21 Secondly, the Mohegan Sun brand. The
22 design reflects the level of quality, some
23 recognizable iconography, and the associated patrons
24 experience at Mohegan Sun. Mohegan Sun is widely
25 recognized for its rich application of creative and

1 inventive detail, an additional layering of creative
2 detail that not only delights the visitor, but
3 continues to reinforce Mohegan cultural references.

4 Similarly, Mohegan Sun at Pocono Downs
5 pays acute attention to detail in order to delight,
6 surprise, and enrich the patron experience. And also,
7 to further enhance the design connection to the
8 natural regional influences.

9 And finally, the market. The design
10 concept responds to a thorough understanding of the
11 current and future patronage which we are hosting.

12 The design concept is a unique and
13 inventive celebration of the natural images, features
14 and resources that play an important role of defining
15 the character of the region.

16 While it is a contemporary design, using
17 contemporary/modern materials, the design inspiration
18 draws directly from the landscape, the flora, the
19 wildlife, the natural resources and the personality of
20 the northeast mountains, the Susquehanna River Valley
21 region.

22 The vehicle used to deliver this design
23 concept is a carefully constructed journey to and
24 throughout the property. And the division right here,
25 it's sort of begun that journey. At its beginning it

1 creates a sense of arrival and anticipation. Then
2 follows a well orchestrated woodland path experience,
3 which is around the casino. That meanders throughout
4 the property, artfully guiding, revealing, surprising
5 residents and visitors, with regionally derived
6 symbolic imagery and features along the way.

7 And finally, like all successful
8 journeys, rewardingly conclude at the ultimate
9 destination, the sun bursting through the clearing at
10 the center of the experience, and the idea is there's
11 a woodlands path all the way around, and at the center
12 there's a sun bursting at the column. I'll illustrate
13 it later. The sun coming through the ceiling of the
14 facility.

15 This shows you sort of the side view if
16 you were looking up with the sun coming in the center.
17 And again, I have greater detail later.

18 Throughout the journey iconic imagery of
19 northeast Pennsylvania is observed. Through the
20 exterior, the exterior appearance of the building
21 makes an initial powerful impression about the
22 relationship to the region. In purposeful contrast to
23 the undulating hills of the surrounding landscape, the
24 white, dynamic and sculptural building forms make a
25 statement about distinctiveness, its uniqueness and

1 its freshness within the landscape, though, the bright
2 sculptural building is accented with wood horizontal
3 black quartzite, which I don't have right here,
4 banding, referring to stratified layers of coal, the
5 natural resource most important to the history and
6 development of the northeast Pennsylvania region. We
7 want to incorporate and celebrate that fact, actually.

8 The points of arrival, or the lobbies,
9 form a transition from the vastness of the great
10 outdoors to the entry to the woodland path. This
11 transition is created through the use of carpet
12 interior design, color and textured to recall forest
13 pathway under foot.

14 The walls feature art glass and mosaic
15 tile panels that depict interpretations of the
16 mountain in one lobby and a river in the other. And
17 here's the small pictures of that.

18 Our signature feature in the center of
19 the lobby is a vertically proportioned sculpture
20 growing from the ground, fabricated from coal in
21 natural free-flowing form. As the piece grows --- as
22 the piece grows, extends higher, it becomes
23 increasingly more refined until it morphs into sparkly
24 diamond-like crystal form, creating a direct but
25 subtle analogy between natural emergence of diamonds

1 from coal, and the emergence of Mohegan Sun at Pocono
2 Downs.

3 In regards to the pathway, having arrived
4 in the complex, the journey continues by way of an
5 abstract woodland path that guides visitors throughout
6 the property. The path is a symbolic tour of a
7 gallery of regional images, artistic interpretations
8 of recognizable natural elements important in defining
9 the character of the region.

10 Guests enter the path from the building
11 lobbies and are immediately exposed to heavy abstract
12 forms --- here I'll ---. I'll read the other
13 illustrations. Heavy abstract tree form columns and
14 pilasters lining each side of the path with symbolic
15 branches extend over to form the tree canopy. The
16 woods used in the fabrication of these elements are
17 combinations of local species of wood, birch, beech
18 and oak.

19 Paying homage to the Susquehanna River,
20 the path follows a riverbed abstractly depicted in
21 various blue hues of streaming terrazzo with sparkling
22 cracked tile highlights. An occasional silhouetted
23 image of the local coveted yellow-speckled trout can
24 be discovered embedded into the waters. And here's
25 the example, again, of using something local to the

1 region, the speckled trout, which is native to
2 northeast Pennsylvania.

3 Bordering the riverbed is a handrail
4 symbolically representing Mountain Laurel, the state
5 flower and common Pocono woodland ornament. The rail,
6 scale articulated to provide an intimate layer of
7 detail, is crafted of iron highlighted with art glass
8 blossoms. And you can see it toward the center there
9 of the rail, which will circulate the whole casino.

10 The areas of special interest along the
11 path are identified by an interruption of floor
12 pattern below, and the large suspended chandeliers or
13 nests overhead. The chandelier nests are home to the
14 flocks of idealized flocks of ruffed grouse, a local
15 woodland denizen and the state bird.

16 Points of departure from the path of the
17 casino are further identified by changes of the wood
18 flooring representing a foot bridge leading across the
19 river.

20 All the successful journeys culminate at
21 a rewarding destination, and during that --- this
22 journey, all paths will eventually lead to the
23 clearing in the forest, through which the sun is
24 bursting. The dramatic rays of the sun emanate from
25 the physical and central center of the complex and

1 reach outwards toward the perimeter before dissipating
2 into the blackness of the night.

3 This is accomplished through 120-foot
4 diameter acrylic energetic abstraction of the sun in
5 three dimensions with back light techniques with
6 subtle movement, and slowly altered colors to present
7 an endless array of glowing appearances. And you can
8 see we have ceiling heights that reach up to about 40
9 feet, and span the circular casino to where they
10 ultimately connect into the center of the casino, in
11 the bar, which you can do that from the bottom.

12 A closer view of how that sunburst works
13 from the ceiling is depicted here. In addition to the
14 natural beauty of the region, which is the point of
15 pride for its residents, the concept draws its
16 expression of character from the people who live
17 there, and what will endear the facility to them.

18 Residents in northeast Pennsylvania, as
19 well as visitors to the active tourist region share
20 profiles for preferences and expectations which are of
21 the heart of the development concept to create a
22 facility that is uniquely distinctive, yet
23 recognizable of the region, and to instill a piece of
24 pride and ownership of the facility by those who
25 visit.

1 Symbolic-wise depict actual images of
2 certain aspects of the facility by incorporating these
3 conceptual designs. Here is the interior of the
4 highland slot room, as well as an illustration of the
5 valley porte-cochere at one of our main entrances
6 where valet cars are dropped off. And just a few more
7 exterior shots of the facility.

8 This ends the presentation. And of
9 course, I will be happy to answer any questions.

10 MR. DECKER:

11 Thank you very much. It looks really
12 good. You should be proud of it. Questions from the
13 Board? Ray?

14 MR. ANGELI:

15 I just have one question. When you
16 talked about the center of your project there, of
17 having multiple entries, how are you --- are you
18 controlling the age groups that --- how are you going
19 to do that?

20 MR. SOPER:

21 That's a very good question. One of the
22 reasons we like --- actually, this is better. One of
23 the reasons we like the circular design is it allows
24 us to control exactly who enters and who exits the
25 facility. We have the casino segregated in the

1 concentric circle with the railing around, because it
2 allows minors and those that should not be on the
3 casino floor to navigate around the facility without
4 actually going on the gaming floor. So all the
5 non-gaming amenities are actually located outside the
6 gaming floor, except the center bar, which, you know,
7 obviously is only appropriate for adults anyways.

8 The two major entries, the valley
9 porte-cochere, which you saw is on the --- sort of a
10 five o'clock there where it says arrival, and then the
11 other major side entry is on the left. We also put an
12 arrival for the Phase I facility in the racetrack,
13 because we wanted to make sure we make an entranceway
14 and exit way, you know, to the Phase I facility and
15 the racetrack operations.

16 But we will, obviously, will have
17 security posted, and ---. But the reality is we're
18 not going to restrict underage people from entering
19 the building, we're just going to restrict them from
20 entering the gaming floor.

21 And another reason is, you know, there
22 are separate distinctions between the age requirement
23 on the racetrack operations and the casino. We wanted
24 to make sure that if you wanted to use valet and you
25 want to enjoy the racing, the racetrack operations,

1 you can do so. And this design allows that to happen.

2 MR. ANGELI:

3 With the newest destination up on top of
4 the hill there and your modern use, your current
5 casino done there, ---

6 MR. SOPER:

7 Yes.

8 MR. ANGELI:

9 --- how do you see that integrating with
10 the racetrack, because it's a little bit separate now?

11 MR. SOPER:

12 Sure. Yeah, I think there's a couple
13 points. One is --- and I would --- real briefly, if
14 we want to, you know, add some space there --- not
15 add, but transform some space to draw people in
16 groups. For example, some meeting space, banquet
17 space. We'll probably convert our current food court
18 to something of that nature.

19 In addition, we want to have a section of
20 games, a unique set of games, and we're looking at
21 different themes and ideas behind that, especially
22 those games that energize with racing fans. And we're
23 learning some of that data now, which games harness
24 racing patrons enjoy the most, and include those in
25 the current facility. So what we want to do is, we

1 want to create the amenities. We have an outside
2 venue with a patio, as well.

3 We want to create these amenities that
4 drive people to that section of the facility.

5 MR. ANGELI:

6 And my last question. Since you started
7 in May, you started construction in May, and you're
8 about a year away or ---. Construction costs and
9 dollars involved with that, have you seen much of an
10 increase than what you had planned?

11 MR. SOPER:

12 The answer is yes, unfortunately. And
13 we're certainly no exception to any of the properties.
14 The scope of this project has basically stayed the
15 same on the footprint. And you know, we've seen
16 approximately a \$30 million price escalation just over
17 a year's time. And that includes all the materials.
18 So part of it involves the scoping process and getting
19 down to the details of what everything costs, but a
20 lot of it has to do with inflation.

21 MR. ANGELI:

22 And are you scaling down anything because
23 of that?

24 MR. SOPER:

25 Well, at this point, you know, we had

1 certain covenant restrictions on how much debt. So
2 we're hoping that it will not escalate any more. We
3 have no plans at this time to scale back. We've
4 poured the foundation, so the structure is going to be
5 the structure now.

6 If we were able to --- or if we had to
7 scale back on some of the finishes and some of those
8 things that we can control now, we will have to
9 re-visit that if the costs do escalate. Fortunately
10 --- you know, we know the price of steel. We already
11 ordered it and paid for it. We're at the process now
12 of obtaining all the bids for mechanical, electrical
13 and plumbing, which are our big items, and then, of
14 course, finishes are the other item. But we're
15 probably not going to change the type of amenity, if
16 we had to scale back on the finishes, that may be
17 required if the costs keep escalating.

18 MR. ANGELI:

19 Thank you very much. That's all I have.

20 MR. DECKER:

21 In terms of escalation, I hope you're not
22 using the builder I used to build my house. Mary,
23 please.

24 MS. COLINS:

25 Mr. Chairman. One of the mandates of the

1 statute is that the monies that go toward the
2 enhancement of the racing industry, that a portion of
3 that be used to improve the backside or enhance the
4 living conditions of the backside of the racetrack.
5 So would you tell us, what is the status or the
6 condition of the backside at your facility, and what,
7 if any, improvements or --- you know, worthwhile
8 additions you'll be doing to that?

9 MR. SOPER:

10 Sure. Absolutely. Right now we're in
11 the process of designing the paddocks. We've
12 progressed, actually, a little further from the last
13 time we gave a report. In fact, this week we have
14 architect meetings in regards to the paddock. And
15 that is going to be our first major step. That'll
16 probably be, you know, a million-plus dollars,
17 probably more than that, of the \$5 million we're going
18 to spend.

19 So that's our first step. We want to see
20 how much that's going to cost to build. We're going
21 to start from scratch. We're going to blow out our
22 current paddock and include a new paddock. We've been
23 working with the Racing Commission, the Harness Racing
24 Commission in that regard.

25 And then subsequent to that, once we have

1 a feel for what the cost is and once that's
2 constructed, we'll be making other improvements in the
3 barns in the back side. That's our current plan.

4 MS. COLINS:

5 When did you start horse racing? When do
6 you start the racing, the harness racing?

7 MR. SOPER:

8 You mean this year, or do we need to
9 go ---?

10 MS. COLINS:

11 This year.

12 MR. SOPER:

13 This year we started in April.

14 MS. COLINS:

15 And are you satisfied with how that
16 business is going for you?

17 MR. SOPER:

18 Oh, yeah, very satisfied. We actually
19 had year-over-year growth.

20 MR. DECKER:

21 That's good. Good. That's good to hear.

22 MR. MCCABE:

23 Mr. Chairman?

24 MR. DECKER:

25 Please.

1 MR. MCCABE:

2 First I have a comment. I went and
3 visited the Mohegan Sun up in Connecticut, and this
4 sounds and looks a lot like that. And that's a very
5 beautiful facility. So I think we'll be lucky if you
6 model it after that.

7 MR. SOPER:

8 Thank you.

9 MR. MCCABE:

10 One of the things is, you guys have been
11 opened probably the longest. And early on, there was
12 a lot of fear about crime and criminals coming in, and
13 various people coming, what have you guys seen so far?
14 Has crime increased? Have you noticed crime increased
15 in the area, or are we having the pawn shops, et
16 cetera, in the area that everybody was afraid was
17 going to happen?

18 MR. SOPER:

19 Well, I mean, our experience here was no
20 different than the experiences we've had elsewhere.
21 The answer is no. I mean, any time you have a
22 commercial establishment, you're going to have some
23 sort of petty crime that occurs, whether you're in a
24 Wal-Mart or a movie theatre.

25 In my argument, and I think the

1 experience and the empirical evidence suggests the
2 same, that in a casino environment, there's no greater
3 amount of crime in that commercial establishment
4 versus any others. In fact, arguably a number of
5 people and transactions that occur, it's relatively
6 less, because the security and the onsite State
7 Police, and there's surveillance.

8 So the answer is no, we haven't. We've
9 seen no pawn shops, no drug, prostitution issues. I
10 can't think of anything that comes to mind other than,
11 you know, you're common small petty, you know,
12 criminal activities.

13 MR. MCCABE:

14 Do you think --- that's with the
15 temporary facility.

16 MR. SOPER:

17 Yes.

18 MR. MCCABE:

19 Do you think that expanding and bringing
20 in restaurants and going to the permanent facility,
21 you'll see any rise in crime?

22 MR. SOPER:

23 No. No. In fact, I'll argue that if
24 there was a problem building a first-class destination
25 --- you know, if you've ever gone to any first-class

1 destination, Ritz Carlton or anything like that, in
2 order to protect the integrity of the operation and
3 its reputation, you have to make sure you don't have
4 that type of crime. So I don't anticipate there will
5 be any more crime in this facility.

6 And again, as you pointed out in the
7 Mohegan Sun Connecticut, for those that have been
8 there, you know, we --- you know, in my experience
9 there and my experience with the organization for ten
10 years, we've never had any issues.

11 MR. MCCABE:

12 One final question. Where do you
13 anticipate --- I saw you had bus amenities to the
14 facility. Where do you anticipate these busses
15 originating from?

16 MR. SOPER:

17 Just to point out, the busses will arrive
18 --- there's a separate entrance on the self-parking
19 entrance on the left. It's about eight --- eight to
20 nine o'clock. It's going to be instate regional.
21 Probably 60 to 90 minutes out. It won't be like the
22 Atlantic City property, where you have busses coming
23 from two or three hours away.

24 But you know, perhaps, when --- if and
25 when table games become available and you know, get

1 some other opportunities, I think there's a better
2 opportunity to draw further out from the region.

3 MR. MCCABE:

4 Thank you.

5 MR. DECKER:

6 Any other questions? Thank you very much
7 for coming in, sir. We look forward to seeing you
8 again sometime. And good luck with your building,
9 your new building.

10 MR. SOPER:

11 Thank you very much.

12 MR. DECKER:

13 Okay. Melinda?

14 MS. TUCKER:

15 Next up we've got Philadelphia Park. And
16 the presenters here are Bob Green and Alan Coulter,
17 the attorney for Philadelphia Park. I was wrong. Mr.
18 Jonas is the general manager.

19 MR. DECKER:

20 Okay. Welcome, Mr. Green, Mr. Jonas.

21 Thank you for coming today. Please proceed.

22 MR. GREEN:

23 Mr. Chairman, members of the board,
24 staff. My name is Bob Green. I'm the chairman of
25 Greenwood Racing, and the chairman of Greenwood Gaming

1 Entertainment, which is a wholly-owned subsidiary of
2 the parent company.

3 Before I begin --- and I've spoken to my
4 industry colleagues. We would just like to take one
5 moment to congratulate and thank you, Mr. Chairman, on
6 behalf of the industry on taking on what we all
7 regarded as the most unequivocal position in the
8 Commonwealth in taking over the role as chairman of
9 the first agency of this size and scope that's really
10 ever been seen in the Commonwealth.

11 By the very nature of this business, the
12 gaming industry sits and sails on controversial,
13 contentious, and sometimes stormy waters. You, sir,
14 have captained the ship in the most masterful fashion.
15 And it's been a pleasure to --- a maiden voyage, so to
16 speak in moving this ship into safe harbor. We wish
17 you every success and every good wish in your career
18 back on land.

19 MR. DECKER:

20 Thank you very much.

21 MR. GREEN:

22 Similarly, again, in consultation with my
23 colleagues, I would like to welcome Judge Colins the
24 Madam Chairman-elect, as she takes over the helm of
25 that ship. Madam Chairman-elect, we do, of course,

1 assure you of our continued help, support and
2 cooperation, in taking this industry to the next
3 horizon. Thank you. And the best wishes to you,
4 madam.

5 MS. COLINS:

6 Thank you.

7 MR. GREEN:

8 As you know, Mr. Chairman, we have two
9 regulatory masters, the State Horse Racing Commission
10 and the Pennsylvania Gaming Control Board. It's been
11 about a year since I appeared before this board. And
12 apart from addressing the Racing Commission at their
13 last public meeting, a few weeks ago in July, it had
14 been some time before I was representing the company.

15 As horse racing is an integral element of
16 our operations and has relevance to what we're
17 discussing today, I would like a little bit later on
18 in the proceedings to spend a few minutes in assessing
19 where we have come from and where we are now.

20 Before that, I want to address the agenda
21 item, the specific agenda item that we're here today
22 to discuss, which is a new slots facility. I am
23 pleased to report that we have made very significant
24 progress on our master plan over the last four months.

25 As you know, and I'm happy to confirm, we

1 have always seen the construction of a new slots
2 facility as the first phase of the master plan, and we
3 are working assiduously to complete the planning
4 process of that element of the plan within the next
5 two months.

6 It might come as a surprise to some
7 people that we have, in fact, been working on a master
8 plan for the whole Philadelphia Park side for the best
9 part of four years. We've spent in excess of \$4
10 million in the process. Has our thinking changed over
11 this time? Sure it has. Have our plans been changed
12 redrawn, modified? Going from one to the other and
13 back again, absolutely. And the reason is, we're
14 going to get it right. And quite frankly, the way you
15 get it right is to understand the business, not just
16 theoretically, but in real time find out, in depth,
17 what the customer wants, take into account the current
18 and projected competitive environment and ensure that
19 what you're doing makes economic sense.

20 In the seven months since we've actually
21 been open, we have learnt a great deal about our
22 business. We started off with a zero customer
23 database, not one person. Now that database stands at
24 200,000, and it grows every day. So far, just from
25 our casino operations, we've attracted 2.5 million

1 visitors to Philadelphia Park. As you can appreciate,
2 this information has been critical in formulating our
3 plans and the timing of their implementation.

4 We are now fairly confident as to the
5 location of the new facility and what we're looking at
6 is to regard the grandstand and the new facility as
7 anchors, if you will, with an integrated connectivity
8 between the two. That connectivity and the opening up
9 of the acreage to the rear will mean the removal of
10 our large satellite dish farm, because we do have a
11 another satellite. We'll be removing that dish farm,
12 an earth station, and that planning process is already
13 under way.

14 The space between the two anchors, in the
15 words of our master planners, is referred to as the
16 knuckle. And the nature and the timing of the
17 connectivity and what, in the first phase, the knuckle
18 will consist of has been a subject of intense and
19 expensive research.

20 The standard components, such as
21 restaurants, bars, nightclub, showroom, et cetera,
22 that tend to form part of such facilities, are being
23 analyzed on the basis of what we have discovered since
24 our opening. The question of structured parking, the
25 desirability and number of hotel rooms and associated

1 amenities have been reviewed and are being repriced.

2 One of the major elements that we have
3 also looked at is a significant retail development,
4 and in that respect, we have commissioned and received
5 two detailed reports from one of the major retail
6 consultants in the country. This potential
7 development, in itself, could play a significant role
8 in how this area is being planned, bearing in mind
9 their report contemplates a space of up to 400,000
10 square foot devoted to such retail and lifestyle
11 activity. Clearly, like a hotel component, that would
12 be part of a later phase that we would build into the
13 master plan.

14 Getting back to the first phase, that is
15 the construction of a new slots facility, we now
16 expect this to be a building of at least 250,000
17 square feet with the capacity to absorb up to 4,000
18 machines with space available to any future expansion.

19 Currently, we have a team of the top
20 professionals, some 20 in all, such as architects,
21 master planners, designers, engineers, general
22 contractors, hardscape and landscape engineers,
23 traffic, parking and code consultants, all working
24 full time on this project.

25 As I said, I believe the plans for this

1 building and the relationship with our existing
2 infrastructure will be completed within the next two
3 months. By that time, we would also have a much
4 clearer idea of construction and completion times.

5 In any event, whatever those timelines
6 turn out to be, we are and will be operating with
7 between 2,400 and 2,700 active slot machines for at
8 least two years when we otherwise would have been
9 dark.

10 I would just like to get back to racing
11 for a moment. When I first appeared before the Racing
12 Commission in 1999, as Chairman of the Greenwood
13 Racing, to seek your approval as an individual and the
14 chairman and potential purchaser of Philadelphia Park.
15 Those approvals were granted, but it wasn't until
16 later the following year that we actually closed on
17 the purchase and took over the track.

18 It took that long because quite frankly,
19 in 1999, money returns, it was rather difficult to
20 raise \$75 million, especially to buy a loss-making
21 racetrack. That was compounded by the fact that we
22 knew our shareholders and investors would have to
23 spend another \$50 million to develop off track
24 facilities, telephone account wagering and various
25 broadcast and technical advances that would be

1 necessary to make this business viable and to make our
2 own business viable in the state.

3 To cut a long story short, we achieved
4 all that and more. When we went before the
5 Commission, that was many years ago, there were four
6 racetracks in Pennsylvania, two thoroughbred, two
7 harness, Philadelphia Park and Penn National, The
8 Meadows and Pocono Downs. Since that time Pocono
9 Downs has seen three different owners. Since that
10 time, The Meadows has seen three different owners, and
11 since that time one leveraged buy out occurs. Penn
12 National has seen two owners.

13 Philadelphia Park remains under the same
14 name, under the same shareholders, the same investors,
15 the same directors and the same senior executive
16 management team.

17 Not many people remember this, but back
18 then Philadelphia Park was a seasonal racetrack. It
19 didn't race during the summer months, and the only
20 permissible simulcasting was of the Triple Crown
21 races, and subsequently, the Breeders Cup. When we
22 took over, we began racing all year round, we had 220
23 days of live racing, the most of any track in the
24 country.

25 We also began a legislative campaign,

1 that within a few years ultimately proved successful,
2 to introduce full card simulcasting, and that's become
3 the lifeblood of the business, and now accounts for 80
4 percent of the handle.

5 As your colleagues at the Racing
6 Commission are aware, we have a proven record of
7 unswerving and unbroken commitment to horse racing.
8 And despite some of the ill considered and uninformed
9 comments to the contrary, that commitment continues
10 today and will be reflected to you when I talk about
11 our gaming operations.

12 As I said, Mr. Chairman, it's been almost
13 a year since I came before you and this Board. In my
14 mind, it feels very similar to an annual stockholders
15 meeting. And despite the fact that you are not
16 holding the pieces of paper, the share certificates,
17 the reality is that this Board, on behalf of the
18 Commonwealth, is our major stockholder.

19 By taking 60 percent of our gross
20 revenue, straight off the top, as it were, the
21 Commonwealth has easily, and by far, the most to gain
22 or lose by how successful we are. We are, as they
23 say, in this together. As shareholders, directors and
24 employers, we know that we have to run our business as
25 efficiently as we possibly can, to serve our customers

1 to the highest standard, to treat our employees well
2 and give them opportunities to grow, and to invest
3 whatever capital is required to sustain and develop
4 the business and to invest that capital wisely and
5 carefully.

6 How have we made out? Before I answer
7 that question, and I'll need ---. I would like to
8 quickly move you back to Monday, July the 5th, 2004.
9 I remember it well. It was a bright, sunny morning.
10 And I went to the racetrack and was there while the
11 early morning exercise riders were on board their
12 first mounts of the day.

13 A dignitaries table and podium were set
14 up in the winner's enclosure, and I awaited the
15 arrival of the honorable Edward G. Rendell, the
16 Governor of Pennsylvania, to come and sign a historic
17 piece of legislation, which was House Bill 2330,
18 better known as the Slots Bill.

19 As in his want, the Governor was a little
20 bit late in arriving, but that was understandable.
21 The bill had only passed the Senate in the early hours
22 of Sunday, and it was probably well after 4:00 in the
23 morning that everybody got to bed.

24 Anyway, the Governor arrived, and in
25 front of the TV cameras, the press and assorted media,

1 nationally, locally, and in some cases
2 internationally, he signed the bill. The fact that he
3 had chosen Philadelphia Park as the place to herald
4 the legislation into law was not purely symbolic. It
5 was, in fact, and recorded as such, recognition of the
6 pivotal role that Philadelphia Park had played over
7 the preceding ten years in spearheading the campaign
8 that finally led to the legalized expansion of gaming.

9 Now, I would like to fast forward two
10 years to last summer. During that 24-month interval,
11 there had been somewhat of a hiatus because of various
12 matters, that you're aware of. The constitutional
13 Challenge in the Supreme Court and other policy
14 issues.

15 However, during that period, the board
16 began to move forward with the licensing process, so
17 that in December of '05 it had received the various
18 applications for all three categories of licenses.
19 And in the spring of '06, you began your review and
20 evaluation program that culminated public hearings on
21 September the 27th, 2006. And that was when I
22 appeared before you and your board awarded
23 Philadelphia Park a slot license, essentially based on
24 an application that had been made nine months earlier.
25 And as you know, sir, our original thinking before

1 that December application was to move forward directly
2 with a new standalone slots facility. But we knew
3 that would not have been completed until well into
4 2008 at the earliest.

5 So as I said in my address to you last
6 September, in our view, that would be far too long.
7 Bearing in mind the time that had already elapsed
8 since the passage of the bill back in July of 2004.
9 So our application contained a plan that we could
10 implement quickly by a major reconfiguration of our
11 existing grandstand.

12 It began as a fairly modest proposal for
13 a single floor of 1,250 machines. However, by the
14 time we got around to the end of September last year,
15 the scope of the plan had increased significantly. We
16 were now talking about two whole floors of gaming
17 space and a whole floor of administrative floor for
18 the necessary back of house gaming space.

19 This meant that we could open with not
20 only 1,200 machines, but with 2,000 machines and
21 substantially improved food and beverage operations.
22 Our total investment, including construction,
23 machines, systems and the license fee was now \$185
24 million compared to the \$80 million that was
25 contemplated in that application in December.

1 So on September the 27th, our license,
2 and as you know, there was tremendous pressure, both
3 politically and economically, for gaming operations to
4 be actually up and running as quickly as possible. In
5 less than 12 weeks, we opened the Philadelphia Park
6 Casino, with two beautifully fitted out gaming floors,
7 including a self-contained smoke-free gaming area, and
8 the high stakes room, 2,000 of the latest slot
9 machines, the most advanced technical systems in the
10 country for security, surveillance, player tracking
11 and valet retrieval. Plus the finest bars and
12 restaurants you're ever going to find.

13 By the way, during those 12 weeks, we
14 totally fulfilled our normal racing schedule. We did
15 not lose one day. We raced every day of Philadelphia
16 Park live racing, and we maintained our daily
17 simulcast schedule.

18 I now come back to my original question,
19 how have we made out? Well, up to yesterday, we had
20 processed \$2,065,565,000 in slot play, and we have
21 paid out in winners and jackpots, \$1,883,359,000.
22 That is more to date than any other operator.

23 Up to yesterday, we had generated \$100
24 million in taxes based on gross furnishing revenue and
25 our local authority in the share. That by the way, is

1 separate from all of our federal corporation taxes and
2 pari-mutuel and our payroll taxes. This is just on
3 gross terminal revenue.

4 We have created over 800 new jobs and had
5 a major beneficial impact on the state's economy. And
6 to come back to Judge Colins' question earlier, as far
7 as racing is concerned, last year our annual purses
8 were about \$30 million. In 2007, this year, that
9 number, were more than double to \$63 million. In 2008
10 our purses could well be the highest in the United
11 States.

12 Two Saturdays ago, we had the first \$1
13 million day just for Pennsylvania bred horses. As far
14 as the backstretch is concerned, work has already
15 commenced on our \$12 million commitment to barn and
16 dormitory improvements, and that's \$5 million more
17 than what's mandated by the state.

18 Moving back to our slot operation, I
19 come, again, to the subject of our future plans and
20 their current status. As you are aware, on April the
21 6th this year, just three months after we opened, we
22 submitted a petition to this board seeking approval to
23 add a further 336 machines, that would take us to over
24 2,400 machines. It entailed a further \$12 to \$15
25 million of additional capital expenditure, taking us

1 up to \$200 million spent on the grandstand project to
2 date.

3 However --- and by the way, that was
4 approved. However, the demand for our product
5 continues to grow. And even though we are now at
6 2,250 machines, and within two weeks we will be at
7 2,415 machines, which will be the completion of the
8 expansion project that was approved, we submitted in
9 April. We are firmly of the view that we need
10 additional capacity now, especially on Fridays,
11 Saturdays and Sundays.

12 Accordingly, in the next month or so, we
13 anticipate seeking the necessary regulatory approvals
14 to add 140 machines to our ground floor and 120
15 machines to our third floor. What we're looking at on
16 the ground floor is to create a new enlarged area for
17 our pari-mutuel operations that come there on the
18 western side, and then relocate the vacated space on
19 the east side for gaming.

20 On the third floor, we will utilize
21 unused space that we have in the rotunda bar in the
22 back of the buffet area to get to another 120
23 machines. Assuming these proposals are submitted and
24 approved, it would then give us a total of
25 approximately 2,700 machines.

1 That is my current status report, Mr.
2 Chairman, but before I conclude, and I know this has
3 gone a bit longer than you may have expected, it is
4 the result of Mr. McCabe's earlier questions to Bob
5 Soper. I would like to take the opportunity to
6 reiterate a couple sentences from an address that I
7 gave to the House of Representatives Gaming Oversight
8 Committee back in April, after we had been open for
9 three months.

10 I posed to them the question, what have
11 we learnt over this period of time. And I replied
12 rhetorically, well, I think what we've learnt is
13 childish, but pleasurable right to say, I told you so.
14 Since the early '90s, when we first embarked upon this
15 journey, our opponents both in and out of legislature
16 painted a picture of woe and despondency, moral
17 depravity, increased crime, prostitution, traffic
18 nightmares, you name it, we would cause it or make it
19 worse. And we were right and they were wrong. And
20 those of you who supported this historic piece of
21 legislation have been entirely and unequivocally
22 vindicated.

23 That's why I said to you the Oversight
24 Committee in a similar vein, Mr. Chairman, you and
25 your Board, by successfully shepherding the

1 legislation through the regulatory approval and award
2 process, you have also been entirely and unequivocally
3 vindicated. Thank you, sir. I'm still standing, or
4 sitting to answer --- I'm happy to answer any of your
5 questions.

6 MR. DECKER:

7 Thank you for your presentation, Mr.
8 Green. Any questions from the Board?

9 MS. COLINS:

10 Yes.

11 MR. DECKER:

12 Commissioner Colins, please.

13 MS. COLINS:

14 Mr. Green, first I want to thank you for
15 giving us a majority shareholders status for Greenwood
16 Gaming. Thank you. Actually, sir, your analogy, I
17 think gets right to the point. And that analogy, for
18 me, conveys that as the regulators of gaming in
19 Pennsylvania, by statute, we must be intimately
20 involved in your business, as well as the business of
21 all the operators in Pennsylvania. That's our duty
22 under the law.

23 I think we can all acknowledge that. And
24 the Board accepts that duty readily. And so what I
25 want to talk to you about now is some of the plans

1 that you've outlined for us, in terms of our
2 obligation in overseeing how your plans come to
3 fruition, and also the benefit to not just your
4 company, but to the Commonwealth also.

5 Back when we had the licensing hearing
6 for Greenwood Gaming, I remember you made a very clear
7 and precise presentation. It was very impressive. We
8 saw your plan. We saw the drawings of your permanent
9 facility in all of its stages.

10 Today, I guess, my concern is that what
11 you're outlining for us, make these changes because
12 you've told us a new plan on the drawing board. These
13 are changes from the plans that this board reviewed,
14 considered and voted on. And so what I would like to
15 ask you, sir, is whether or not at some point in the
16 near future, since we have timelines, and I'll talk
17 about the timelines of the statute.

18 If sometime in the future you can
19 actually produce to us what those plans are, because
20 we have to look at these with you. We have to --- I
21 don't think anyone can refute our obligation is to
22 look at these with you, go over them and basically
23 approve what is going on. Is that a reasonable
24 assessment, sir?

25 MR. GREEN:

1 Absolutely. As I said, I think we will
2 --- we have a number of people working on this. And I
3 think within two months we'll be in a position to
4 share with you exactly that, but the first phase of
5 what we intend to do with that.

6 MS. COLINS:

7 All right. Well, the time frame is a
8 concern. Let me also reiterate that we consider
9 Philadelphia Park to be a very important location in
10 the Commonwealth. Very significant. We know that is
11 our feeling, though.

12 But with respect to these timelines and
13 the statute, I mean, we all know this by statute,
14 theirs is a two-year limit for the promise of the
15 temporary facility. Now, this Board has to require
16 that the licensee has a permanent facility, or for a
17 very good reason or good cause there would be an
18 extension.

19 We may have to review your facility in
20 terms of an extension once you get your permanent
21 license. And if we do, how can we do that without
22 being involved and seeing what your claims are. So we
23 have a time frame that we have to deal with as well.

24 So the two-month period, sir, may not be
25 workable for us. So I want to let you know that.

1 MR. DECKER:

2 Since I'm not going to be here and I
3 won't have to vote on it, let me say it a little
4 differently. I think it behooves you to not push this
5 event so that you can't get your approval for this,
6 whatever it is before December, because you'll be
7 looking at us maybe being 65 percent after that, if
8 you get my drift.

9 MS. COLINS:

10 Well, what I'm ---.

11 MR. DECKER:

12 And I think it would not behoove you.
13 And I can say it, because I'm not going to vote on
14 this matter. So it really behooves you to get your
15 plan in, deal with this in a positive way, deal with
16 your other regular Commission so that they're
17 satisfied and get it all done well before --- as Mary
18 said, well before to give us plenty of time to look at
19 it. Okay. I didn't mean to cut you off, Mary.

20 MS. COLINS:

21 No, no, no. It just enhances --- I mean,
22 the whole purpose for today is to have exchanges with
23 the operators and update --- because we don't have a
24 schedule, we have to ask and make sure that these
25 operations are moving toward the end result.

1 I will be asking Mr. Jonas to come in and
2 talk, and I'm hoping that he'll agree to that, at
3 least coming in with your client, your architect or
4 whatever. Very good. Thank you. I appreciate that.

5 MR. DECKER:

6 Any other questions? Ray, do you have
7 one, or ---?

8 MR. ANGELI:

9 Yes. Thank you. Back when you started
10 this process, when you testified the last time, you
11 talked about the finances for what you're going to be
12 doing in the permanent facility, you know, you moving
13 out from this point on, based upon the finances of
14 what you need to do for the plans that you have. I
15 mean, do you have all of that credit in place, or are
16 you pursuing that? I mean, what's the difference
17 between where you were when you presented this to us
18 the first time to where you are now, and where you
19 plan on being a year from now?

20 MR. GREEN:

21 Going back to our original application in
22 December '05, I think the number was a commitment that
23 we --- a financial commitment that we had. And I
24 think it was approximately \$350 million. I'm not
25 quite sure of the number. And part of that,

1 obviously, we had drawn down, because we've got two
2 and a half thousand machines, we built basically a
3 casino. But I don't envision anything different as
4 far as plans are concerned, and the next phase of our
5 master plan.

6 MR. ANGELI:

7 Is that going to be moving on, what you
8 anticipate financially?

9 MR. GREEN:

10 For the whole of the master plan, it
11 would go substantially beyond that, but that would be
12 phased in terms of, you know, whether you're in a
13 position to be able to raise the funding, and you can
14 support the return of investment.

15 MR. ANGELI:

16 But it would be enough to make the move
17 to a permanent facility?

18 MR. GREEN:

19 Yes.

20 MR. ANGELI:

21 Thank you.

22 MR. DECKER:

23 Thank you. Go ahead. Mr. Sojka.

24 MR. SOJKA:

25 Yes. Mr. Green, as a relative newcomer,

1 I appreciate the historic perspective you provided for
2 us, and it was also entertaining, including your
3 maritime metaphor, but it's not lost on me that you
4 left us with the understanding that this board is, at
5 least, to some degree at sea --- but having said that,
6 there are two areas relating to horse racing that we
7 simply can't ignore. One again, has to do with the
8 pari-mutuel space and issues about slot machine
9 encroachment in that area. You touched on that.

10 The other, of course, deals with back
11 side issues. And I would point out that a number of
12 us have recently within the last couple of months
13 visited the facility, and though you made comment
14 about ill conceived and ill informed commentary about
15 some of the issues we're raising, I think some of us,
16 with our own eyes, saw some issues that we feel need
17 improvement and attention in a very timely fashion.

18 And we've heard somewhat acrimonious
19 exchange about how quickly those changes were being
20 made, but I think it will be very helpful to this
21 board if we can get, again quickly, a very clear and
22 detailed description of what is going to happen on the
23 backside and how that's going to make that important
24 part of your facility, at least acceptable.

25 MR. GREENE:

1 As I said, we have a commitment, as you
2 know, to spend \$12 million on the back side, which is
3 \$5 million more than what is mandated in the statute.
4 But further I can say that is a contractual obligation
5 on us.

6 There has been some delay in getting it
7 started because the parties couldn't agree on terms,
8 like the size of the new barn, which has now been
9 resolved, but certainly we'll keep the board, as we
10 have to in the Racing Commission, fully apprised of
11 the progress that we're making in that regard.

12 MR. SOJKA:

13 And I think --- and I don't want to
14 belabor this, but I am, again, using the at sea
15 metaphor. I was a little confused about your
16 suggestion for how you would get additional slot
17 machines on the first and second floor and
18 simultaneously improve the situation with regard to
19 pari-mutuel wagering.

20 MR. GREEN:

21 Yes. The current situation, in our view,
22 and I think in everybody's view, of the pari-mutuel
23 area next to the paddock is unsatisfactory. What
24 we're looking at is that where the satellite dish farm
25 and the earth station is, that area back out --- needs

1 to be a satellite enclosure, if you remember that.
2 And what we're looking at doing is moving the
3 satellite dish farm and the earth station, also
4 considering the relocation of the paddock and
5 satellite enclosure, the larger area that is currently
6 there and moving that to the other side by the
7 paddock, thus freeing that space for the gaming and
8 putting the racing up over there.

9 MR. SOJKA:

10 So it's quite different.

11 MR. GREEN:

12 Yes.

13 MR. SOJKA:

14 Thank you.

15 MR. DECKER:

16 Okay. Thank you. What other questions
17 do we have for Mr. Green? Mr. Green, thank you for
18 coming in. And we wish you the best of luck in
19 putting this all together. We realize you have a lot
20 of pressures and time pressures and all that, and we
21 trust that you're going to move what you need to do to
22 get this done. We look forward to seeing those.
23 Commissioner Colins said, this is an important casino
24 for Pennsylvania, and you've done a lot and we expect
25 to do even more to get it done. Thank you.

1 Melinda, who's next?

2 MS. TUCKER:

3 Next on the agenda is The Meadows
4 Racetrack and Casino with Bill Downey and Mike
5 Graninger are here today to make a presentation.

6 MR. DECKER:

7 Great. Thank you. Welcome. Welcome
8 again. Thanks for coming here. We very much
9 appreciate it.

10 MR. DOWNEY:

11 Good afternoon, Mr. Chairman and members
12 of the board.

13 MR. DECKER:

14 Thank you.

15 MR. DOWNEY:

16 My name is Bill Downey, I'm a partner in
17 the firm Fox Rothschild. I'm before you this
18 afternoon on behalf of Washington Trotting
19 Association, Inc. doing business as The Meadows
20 Racetrack and Casino. With me this afternoon is
21 Michael Graninger, who is general manager of the
22 facility.

23 I guess before we start this morning, I
24 would like to add to the comment that Mr. Green made
25 with respect to Chairman Decker and Ms. Colins, and

1 congratulate you both, Mr. Chairman and your future
2 job.

3 MR. DECKER:

4 Thanks very much.

5 MR. DOWNEY:

6 We're before you this morning to provide
7 our required update on the status of our current
8 facility, but I believe the Board is now aware in
9 light of some of the changes that we've proposed
10 relative to the original plans that we had submitted
11 back with our original application, what we're going
12 to describe here, effectively a design update, I'd
13 characterize it. This will also be described in a
14 pending petition before this board.

15 With that, to discuss the agenda,
16 briefly, we're going to fly through some very quick
17 points on our original submission, just for purposes
18 of comparison, and then we'll jump directly into some
19 highlights of what we're proposing in the new plans
20 for the permanent facility.

21 This slide is a slide which shows many of
22 the components of our permanent structure at our
23 permanent facility, as was originally proposed. I
24 will say this generally, most of the dedicated areas
25 and the dedicated spaces that you see described here

1 have not radically changed. There have been some
2 significant relocations, but most of those elements
3 remain a key component of the project.

4 By way of recollection, this was the
5 artist rendering a --- effectively our front door, our
6 western phase. This you can see was our proposed site
7 plan. Nighttime aerial. And let me just say, from
8 the perspective of the site plan, the most notable
9 component that I call your attention to --- two of
10 them really, first is the condition of what we're
11 proposing as mid-rise hotel structure, and the second
12 is the relocation of the paddock to the backside of
13 the track that, frankly, was occasioned by the
14 location of the --- the proposed location of the
15 hotel.

16 This is our ground floor structure,
17 again, original plan. And this structure contains,
18 effectively, our entire casino space, all of our
19 restaurant space, showroom and all racing components.

20 I'll move directly into the proposed
21 facility. And again, this is all the subject of our
22 planning petition before the Board at this time.

23 This is another crack at the primary
24 components of the project as re-designed. Those areas
25 where we felt there was some significant variance is

1 highlighted in red. And by the way, it's my intent
2 that I would leave a copy of this presentation with
3 you for your review.

4 I think just by way of generalization,
5 the most obvious changes to our proposal include the
6 addition of a 200-plus room hotel and spa on the
7 floors that will be above grade. The relocation that
8 I mentioned of the paddock to the back side of the
9 racetrack. The relocation of mutual and simulcast to
10 the track level. The relocation of regulatory office
11 to the ground floor from the prior location on the
12 second floor. And replacement of a designated theatre
13 with a much more user-friendly multi-function space,
14 also located on the ground floor.

15 This, again, is an artist rendering of
16 our front door, if you will. The primary distinction
17 here is the obvious location of a mid-rise hotel
18 tower. Again, that's --- we've got that right now, at
19 approximately 200-plus rooms with a ground level spa.

20 Okay. So the site plan is a problem.
21 That, again, is a site plan slide, and effectively
22 it's an overhead shot showing us some of the major
23 exterior appearance components. As I mentioned, the
24 two obvious are the hotel and paddock relocation.
25 Also apparent, however, was a change in the building

1 which provides us a moderate increase in our facility
2 square footage at the ground level.

3 The additional parking spaces that were
4 necessary for us to come in full compliance with the
5 local government requirements, which we have shown.
6 And just a highlight that the mechanical and security
7 building that currently exists and is servicing the
8 temporary facility is fully functional, and under our
9 design will remain so for the permanent facility as
10 well, so that we've --- we won't be re-inventing the
11 wheel with respect to the establishment of those
12 components.

13 At this point, I want to address two
14 questions that came up in the course of some of the
15 earlier presentations. The first relates to costs.
16 And just to deal with it head on, we anticipate an
17 estimated increase of approximately \$10 to \$15 million
18 incremental over where we were. Fortunately, I think
19 we --- we were conservative in our bidding, our
20 estimates at the time. We presented our best guesses.
21 We're comfortable where we're coming in on bids at
22 this point, and obviously on a cash flow basis we're
23 doing a little better than what we anticipated.
24 Ultimately, I guess, the Board's consultants
25 anticipated, perhaps.

1 The second issue that I'm going to ask
2 Mike Graninger to address relates to Judge Colins'
3 question of back side improvement. This is an area
4 that The Meadows Racetrack takes extremely seriously.
5 And a portion of the project is actually underway. So
6 I would like Michael Graninger to address that to you.

7 MR. GRANINGER:

8 We started construction on a 12 horserace
9 paddock, \$2.8 million. We have almost finished the
10 track where the horses practice on the back side, it
11 costs \$75,000. And we're also refurbishing Harness
12 Racing Commission on the back side that is cost
13 \$450,000.

14 We're very aggressive in taking care of
15 our back side and getting it up to standard that it
16 should be.

17 MR. DOWNEY:

18 This is our proposed ground floor as
19 reconfigured. One big caveat I did use, the location
20 of the machines on the gaming floor, and generally the
21 gaming floor, how the configuration is for
22 informational and instructional purposes only. It's
23 lustered with --- it does not reflect our petition
24 submitted to you, and that was something we would come
25 back and work with staff on, ultimately when the time

1 is right.

2 What we'll see here is that we have
3 maintained a central entrance to the casino floor. We
4 have, however, also added a second major entrance,
5 which would directly service the hotel, which you can
6 see wrapping around the south of the right-hand side
7 of the picture. The track levels, the multi-purpose
8 areas, the food court and the grandstand.

9 I would point out that at the first and
10 second levels of the hotel will remain a one-sided
11 operation. But once they've cleared the balance of
12 the building mass, they will revert to two-sided ---
13 typical two-sided corridors.

14 The gaming floor has been reconfigured
15 and designed to better animate the floor. Each corner
16 now has some activity apparent, and each major one on
17 the surface also has activities apparent. One of the
18 key components of emanating that the far left-bottom
19 corner was the relocation of the regulatory offices.
20 Those offices for the staff and State Police onsite.
21 Those were brought down from the second floor, and
22 will be an area that actually gets picked up in the
23 increase in our floor plan that I mentioned to you
24 earlier.

25 And we've also managed to maintain the

1 visual integration of the racing paddock through the
2 continued use of grading at the far side of the gaming
3 floor. You'll see a tiered bar. That will be open,
4 providing views of both the racing side and the gaming
5 floor and the bankets that are barely visible. We
6 will have racing behind them, again, providing visual
7 access through the racing product.

8 There's also easy access to the mutual
9 and simulcast hall through an escalator just inside
10 the second entrance, which you can see is the two gray
11 stripes to the left of that entranceway. Through an
12 elevator, which sits right across from the food court,
13 and stairs, which are up at the stairway on the
14 grandstand.

15 The multipurpose space, which was added
16 represents the ability to seat between 500 and 600
17 people in a sit-down format, and approximately 1,000
18 people in concert format. And finally, there's an
19 addition up in the upper-right of a five-venue food
20 court, which is new to the project.

21 The second floor has been significantly
22 reduced. This is one of the areas in which we
23 realized some saving with redesigning. We now provide
24 that a steakhouse restaurant, a limited access VIP
25 area, including grandstand access, and the judge's

1 tower, are largely the only, what I'll call casino
2 side components that remain of the second floor.

3 As you can see over on the right,
4 however, that the hotel tower continues to climb, and
5 on that second level, there is also conference space
6 available and some back of the house for the hotel.

7 Finally, also --- again, on a relatively
8 major revision is the track level plan. Most apparent
9 components that are new to this, of this level
10 includes relocation of the mutual simulcast hall to
11 the --- to the track level in its entirety. This is
12 going to provide direct access to the track level to
13 the grandstand, and that will include the grandstand
14 food court.

15 It is a dedicated facility. And again,
16 as referenced earlier, there are three easy points of
17 access, all along that second corridor in through the
18 hotel entrance. Also, out the right, you can see a
19 spa level at the hotel. The spa is proposed to
20 contain all amenities and treatment rooms that you
21 would typically expect at a first-class spa facility.

22 And finally, the administrative offices
23 for The Meadows have been relocated to the track side,
24 again, reflective of the reduction of the second floor
25 space, where they were formally located.

1 Finally that is a track side rendering,
2 including the addition of the hotel and the shift in
3 amenities that we've just discussed. With that, any
4 questions that you have, we'll be more than happy to
5 entertain.

6 MR. DECKER:

7 Any questions?

8 MR. COY:

9 Thank you, Mr. Chairman. With regard to
10 your permanent facility, what's your plan having to do
11 with smoking?

12 MR. GRANINGER:

13 Smoking anywhere except for the
14 restaurant.

15 MR. COY:

16 Will the smoking exhaust system be
17 different than the one in your temporary facility?

18 MR. GRANINGER:

19 Yeah, we'll have state of the art exhaust
20 system.

21 MR. COY:

22 So it would be different?

23 MR. GRANINGER:

24 Yes, it'll be different.

25 MR. COY:

1 I'm not a person who is typically
2 bothered by it, but I want to tell you, when I visited
3 your facility, it was smoky. And it was to the point
4 that I thought that it was uncomfortable. And so I
5 would hope that in your new facility, that you give
6 particular attention to a more state of the art
7 facility, in terms of exhaust and dealing with it,
8 because it was very bothersome as soon as I walked in.
9 And so I think it's important if you're allowing it,
10 that you deal with it and use the latest technology
11 possible.

12 MR. GRANINGER:

13 We will.

14 MR. COY:

15 Good. Thanks.

16 MR. RIVERS:

17 Mr. Commissioner?

18 MR. DECKER:

19 Yes, please.

20 MR. RIVERS:

21 Mr. Chairman. Mr. Graninger, it appears
22 southwestern Pennsylvania has embraced your facility,
23 but in the not too distant future, we're going to have
24 table games in West Virginia. What types of
25 contingency plans have you made and what are some of

1 your expectations in terms of doing business as you're
2 doing business now? Are your concerns that having
3 table games in West Virginia are going to detract from
4 the number of patrons that you have presently?

5 MR. GRANINGER:

6 I don't believe it'll impact us as bad as
7 everyone says it will impact us. I think it'll bring
8 a whole new market to West Virginia. I think it'll be
9 a younger crowd, slot machine players could possible
10 go to West Virginia because they would like to play a
11 table game while they play the slots. That can
12 happen.

13 We have space in our permanent for any
14 type of expansion in gaming. We'll do that as it
15 comes. Hopefully they don't --- I think that the West
16 Virginia market doesn't follow as much as we expected,
17 the market actually grew. I think they're down only
18 about 20 percent, and they did \$400 million last year,
19 and we're going to get close to a couple hundred
20 million. So the market is larger. And so I think
21 that table games in West Virginia should be put there.

22 MR. RIVERS:

23 There's a Holiday Inn at the foot of your
24 property. Is there an affiliation between WTA and
25 that group?

1 MR. GRANINGER:

2 No, there's not.

3 MR. RIVERS:

4 And I assume they're doing some
5 rebuilding, or adding --- making an addition. And how
6 many rooms are they adding to their facility?

7 MR. GRANINGER:

8 The Holiday Inn?

9 MR. RIVERS:

10 Yes.

11 MR. GRANINGER:

12 No, they're not adding rooms. There's a
13 Comfort Inn being built up the hill.

14 MR. RIVERS:

15 Okay.

16 MR. GRANINGER:

17 That's a hundred rooms. The area is ripe
18 for development, because the Tango (phonetic) Mall,
19 because --- there's a lot of areas to build around
20 there. So we started a great engine for the economy
21 in western Pennsylvania.

22 MR. DECKER:

23 Okay. Any other questions? Well, thank
24 you very much for coming in. And I can say it, since
25 I'm leaving, it looks like an impressive facility.

1 MR. DOWNEY:

2 Thank you.

3 MR. DECKER:

4 I mean, from the designs and stuff. How
5 many rooms is your hotel?

6 MR. DOWNEY:

7 205, as designed right now.

8 MR. DECKER:

9 Okay. Thank you. Thanks a lot. We're
10 going to take a very quick break, five minutes.

11 SHORT BREAK TAKEN

12 MR. DECKER:

13 Who's next?

14 MS. TUCKER:

15 Gary Luderitz.

16 MR. DECKER:

17 You're in the back of the line, I see.

18 MR. LUDERITZ:

19 With me today is Jack Rauen. Jack is
20 corporate vice president.

21 MR. DECKER:

22 Welcome.

23 MR. LUDERITZ:

24 Mr. Chairman, board members and staff, on
25 behalf of Hollywood Casino at Penn National Race

1 Course and all of our staff, I thank you for the
2 invitation to update you today. We are very proud of
3 our developing property and we never tire of talking
4 about it. So thank you.

5 Hollywood Casino at Penn National Race
6 Course continues to be on target for opening in the
7 first quarter of 2008. All permits and approvals
8 required at this time have been obtained.
9 Construction efforts and road improvement work have
10 proceeded on schedule. We have had the pleasure of
11 providing tours of the facility to some members of the
12 Board and its staff, representatives of the
13 Pennsylvania State Horse Racing Commission and its
14 staff and representatives from the Pennsylvania State
15 Police, as well as other community and governmental
16 leaders.

17 On the employment side, Hollywood has
18 conducted various job fairs and community outreach
19 events. In July, we conducted two large informational
20 job fairs, which drew approximately 2,500 interested
21 candidates.

22 On the operational side, we have met with
23 the Board's opening team and will continue to work
24 closely with them to ensure that we meet the Board's
25 expectations regarding the opening of the property.

1 As you know, the facility will have a
2 contemporary Hollywood theme with state of the art
3 audio-visual technology, and a completely new
4 five-level 365,000 square foot integrated gaming and
5 racing facility with 13 various food and beverage
6 venues. There are 2,000 slot machine plans with the
7 ability to expand to 3,000 within the established
8 footprint.

9 Three unique themes throughout the casino
10 floor, one depicting the Golden Age of Hollywood, one
11 shown in back-lot studio style, and one showing a
12 virtual media blitz are planned.

13 The racing and simulcast areas have
14 design features that emphasize the track and racing
15 activities, including track side terrace dining and an
16 integrated cocktail lounge, a balcony especially
17 designed to overlook the paddock parade from the upper
18 level, and a racing simulcast theater and adjacent
19 sports bar that overlooks the casino below.

20 A large Daktronics serpentine screen will
21 greet the patrons at the entrance. A large IMAX style
22 dome that will envelope the entertainment lounge on
23 the casino floor. More than 250 video screens that
24 are connected to a central system that will control a
25 highly choreographed array of audio and visual

1 messaging.

2 The garage, with 2,500 spaces comes
3 700,000 square feet, and an additional 1,000 surface
4 spaces for guests. Substantial roadway and site
5 improvements. The overall project budget is \$310
6 million, with construction and related at \$173
7 million, with license design and other fees at \$137
8 million.

9 The status, as of the end of June, is as
10 follows. Of the \$173 million in construction and
11 related work, 84 percent, or \$146 million has been
12 awarded. Approximately 53 percent of the construction
13 work is complete as of that time, and we're, of
14 course, making progress every day since.

15 Approximately 500 workers are onsite
16 daily, and most are from the local and regional area.
17 A new replacement wastewater treatment facility has
18 been constructed and was put into service at the end
19 of January.

20 The building shell has been erected and
21 is being enclosed. The parking garage has been
22 erected and is substantially complete. The interior
23 electrical work, mechanicals, the plumbing and fire
24 protection system, installation is currently in
25 progress. The escalators have been installed, but are

1 not yet operable.

2 Stud walls are being erected, and in some
3 areas drywall and other interior enclosure work has
4 begun. The main entrance roadway to the facility is
5 being completely overhauled with new surfacing, a
6 center island with lighting. In addition, the
7 entrance intersection is being rebuilt to allow for
8 safer exit and entry. This roadway entrance is
9 expected to be completed by the end of August.

10 The Interstate I-81 interchange at our
11 exit, which is Exit 80, is currently under
12 construction, including the addition of left turn
13 lanes and traffic signals to facilitate the entering
14 and exiting of the interstate. This work is scheduled
15 to be completed by the end of September.

16 The pace of construction has and will
17 remain vigorous. We expect to have complete building
18 enclosure by the end of August. In August, we expect
19 to continue construction of interior walls, the
20 beginning installation of elevators, the interior
21 rough electrical and plumbing and the continuing
22 installation of HVAC ductwork to prepare for an
23 environmentally controlled interior before the fall.

24 In terms of construction participation,
25 our objective has been and continues to be focused on

1 the following areas. Pennsylvania-based contractors
2 and suppliers, local and central Pennsylvania
3 contractors and suppliers, minority and women's
4 business enterprise contractors and suppliers, and
5 organized labor.

6 Through the efforts of Penn National
7 Gaming, Incorporate, Hollywood Casino at Penn National
8 Race Course, Keating Building Corporation, which is
9 our general contractor, and through our consultants,
10 we have achieved the following results. \$92 million,
11 or 63 percent of construction has been awarded to
12 Pennsylvania contractors and suppliers.

13 We have had substantial participation by
14 local and regional construction contractors, including
15 site work, concrete supplies and related work, the
16 pre-cast garage, the building exterior, and drywall
17 and mechanical equipment and installation.

18 In some cases, such as electrical work,
19 an out-of-state contractor received the award using
20 substantial local labor in the process. \$19 million,
21 or 13 percent of construction equipment costs were
22 awarded thus far to a minority/women's business
23 enterprises.

24 \$97 million, or 69 percent of
25 construction was awarded to union contractors and

1 suppliers. We intend to continue our best efforts in
2 these areas for the remaining construction and FF&E
3 awards.

4 I hope this information has provided you
5 with a clear understanding of our progress and our
6 efforts to date. With that said, that concludes my
7 remarks. I thank you for your kind attention, and I
8 will be happy to answer any questions that you might
9 have.

10 MR. DECKER:

11 When will you be open?

12 MR. LUDERITZ:

13 We open the first quarter of '08.

14 MR. DECKER:

15 The middle of the first quarter. So my
16 birthday.

17 MR. LUDERITZ:

18 When's your birthday?

19 MR. DECKER:

20 January through March. Close enough.

21 Any other questions? Please.

22 MR. ANGELI:

23 Just a question. When you said that the
24 total costs is \$310 million?

25 MR. LUDERITZ:

1 That's correct. Including the licensing
2 fee.

3 MR. ANGELI:

4 And \$173 million in construction, you say
5 84 percent complete?

6 MR. LUDERITZ:

7 Yes.

8 MR. ANGELI:

9 The remainder of that money is for the
10 interior room slots?

11 MR. LUDERITZ:

12 Well, furniture, fixtures, equipment, all
13 related supplies that would be related to opening the
14 new facility, yes.

15 MR. ANGELI:

16 So what you're going to spend from now on
17 out, you're still going to be around the \$300 million
18 mark?

19 MR. LUDERITZ:

20 Yes.

21 MR. ANGELI:

22 Thank you. The other question is, in
23 relationship with the Horsemen Organization, and the
24 back side improvement, where do you stand on that?

25 MR. LUDERITZ:

1 We're still in negotiations with the
2 horsemen, however, if all goes the way I believe it
3 will, we should have a signed agreement with the
4 horsemen today.

5 MR. DECKER:

6 That's good news, very good news.
7 Anything else?

8 MS. COLINS:

9 Mr. Chairman.

10 MR. DECKER:

11 Commissioner.

12 MS. COLINS:

13 Just for the record, what you are
14 building now, is what you told us you were going to
15 build back at your licensing hearing; is that correct?

16 MR. LUDERITZ:

17 That's correct, yes.

18 MS. COLINS:

19 Thank you.

20 MR. DECKER:

21 Thank you. Any other questions? Thank
22 you for coming in. It's good to see you're still on
23 the same schedule.

24 MR. LUDERITZ:

25 Thank you.

1 MR. DECKER:

2 All right. Next up?

3 MS. TUCKER:

4 Next up is Mount Airy Resort and Casino,
5 Louis DeNaples, Lisa DeNaples and Joe D'Amato
6 presenting today.

7 MR. DECKER:

8 Okay. Mr. DeNaples. Thank you for
9 coming.

10 MR. DENAPLES:

11 Thank you. First I want to thank God for
12 giving me the strength, determination, perseverance
13 during the many adversity, obstacles throughout the
14 licensing process.

15 On April 27th, at Split Rock Lounge I sat
16 before the Board and presented the Mount Airy project
17 and gave my commitment to break ground in July 2006.

18 Four months later, on July 17th, I broke
19 ground and began the construction of Mount Airy Casino
20 Resort with a promise of a fall 2007 opening.

21 December 5th, that same year, I once again sat before
22 the Board and promised to build and open a premier
23 destination casino resort in the heart of the Poconos
24 in the fall of 2007.

25 Today, with license in hand, we'll update

1 you one the promise and commitment to open the first
2 Category 2 license resort in the Commonwealth of the
3 great State of Pennsylvania.

4 I would like to personally thank you,
5 Chairman Decker and the Gaming Board, together with
6 your staff, who believed in me and the Mount Airy
7 project. Thank you. I would also like to deeply
8 thank the Pennsylvania Supreme Court for their
9 unanimous decision to uphold the license you awarded
10 me.

11 At this time, please allow me to
12 introduce to you the Mount Airy Casino and Resort CEO,
13 Joe D'Amato.

14 MR. D'AMATO:

15 Thank you, Louis. Good afternoon, Mr.
16 Chairman and members. I appreciate the opportunity to
17 make a presentation to the Pennsylvania Gaming Control
18 Board providing you a status update. I have no
19 prepared remarks, and could probably let the slides
20 and pictures speak for themselves.

21 MR. DECKER:

22 That could be good or bad for us.

23 MR. D'AMATO:

24 As Mr. DeNaples indicated, we'll be the
25 first Category 2 to open in Pennsylvania. And I

1 think, as we go through the presentation, I think it's
2 something that the Commonwealth will be proud of, the
3 Board and the staff will be proud of it, and the
4 community will be proud of. I'm certain it's
5 something that the DeNaples family will be proud of,
6 as well. Again, living up to his commitment to the
7 project.

8 First, I'd like to discuss the
9 construction overview as of July 10th, 2007, our
10 casino and restaurants are approximately 70 percent
11 completed. Obviously, at this stage, it's probably in
12 the 80-percent range.

13 The overall Phase I is approximately 60
14 percent, and Phase I would include the casinos, the
15 casino, the floor restaurants, the bars and 188 hotel
16 rooms, nightclub, VIP lounge, and the spa.

17 Committed cost-to-date on Phase I is over
18 90 percent now. So we've got contracts and commitment
19 for the purpose and construction that approximates
20 over 90 percent of our costs of Phase I.

21 Also, we are, within the new budget, on
22 budget and on our timeline. All significant items for
23 the opening have been ordered and the passes have been
24 made. We suspect to begin the slot base deliveries
25 next Monday, and slot machine deliveries on August

1 15th. I appreciate the Board's approval and
2 authorization.

3 We have made our commitment for the
4 software gaming equipment, cage and counting equipment
5 as well, and most of the hotel FF&E is committed to as
6 well.

7 As I indicated, I think I'll let some
8 pictures do some talking. With what I'm showing you
9 here right now are some current pictures taken within
10 the last week. That is the entrance to the hotel
11 porte-cochere primarily for hotel guests and valet.
12 And one of the features will be --- it's right in this
13 area here, will be a waterfall feature. Again, one of
14 the things we're dealing with is trying to build
15 within the landscape and the picturesque mountains of
16 the Pocono region.

17 This is a similar view of the previous
18 picture, just taken on a different angle. Showing the
19 stage of construction on the hotel, including ---
20 we're getting pretty well enclosed and the windows up.

21 This is a rear view. In this area here,
22 right in there, we are placing our VIP lounge. And I
23 would extend an invitation. I know some of the board
24 members come up to tour the facility. I think you
25 will be amazed at the project and the process and of

1 the progress that we have made.

2 That has a view of the golf club --- the
3 golf course and the hills and the beautiful
4 picturesque view. In addition, this area over here,
5 I'll show the Board a better view, will be our bus
6 lobby area and our self-park area entryway. That is
7 the picture of where the bus lobby and the
8 self-parking patrons will enter.

9 As I indicated, the casino is fairly well
10 along. This picture indicates carpets being laid. To
11 the left here is terrazzo tile. We have our
12 restaurant equipment in. The walls are pretty well
13 drywalled. The ceilings are pretty well up.
14 Surveillance cameras should be started to be
15 installed, approximately August 13th, as well.

16 Another picture giving you the breadth
17 and depth of the property. Again, another view. I
18 think, again, we are going to have a beautiful
19 facility for your first Category 2 property.

20 Finally, another one. This is the --- as
21 I pointed out in previous pictures as to where the bus
22 and self-park --- the patrons will enter. As you can
23 see, two escalators, a beautiful lobby area coming in
24 as well, and when you get to the top of the escalator,
25 that's where we'll have our club signup, and coat

1 check. And the entryway is directly onto the gaming
2 floor.

3 This is a picture of a hotel suite. This
4 would be the living area, and it would include a wet
5 bar area over here as well.

6 Opening date. Casino, restaurant October
7 15th. That's our target date, obviously, subject to
8 Board approval. We've set a date, we're aggressive
9 and we're on time and on schedule to do that.

10 The hotel meeting room space should be
11 approximately November 15th. Retail shops, one will
12 open on October 15th, the grand store, the local shop,
13 the other two will open the early part of November.
14 The spa and salon will open the early part of
15 December, and the nightclub and VIP club,
16 approximately December 15th.

17 Our traffic and road update. The water
18 distribution supply storage is 95 percent complete.
19 Wastewater treatment is operational, but we're
20 currently modernizing it, and it will be completed by
21 opening. The Woodland Road widening is 75 percent
22 complete. 611 and Woodland Road intersection, what we
23 have outstanding is the high volume driveway with
24 signalization, curbing, and that's going to be
25 completed prior to the October 15th opening. And

1 Woodland Road will be re-opened before the start of
2 the school year with blinking light at School Road.

3 I just, briefly, want to speak --- and I
4 will not go into a lot of detail here, but I have a
5 copy of the presentation for each member of the Board,
6 and it will be a little more legible, but there's an
7 orientation chart showing that we have almost every
8 key position filled. I am seeking a manager or
9 director of internal audit. It is my last position
10 that is critical.

11 But what I would like to talk about is
12 that we built a gaming team that has, at this point,
13 at the executive level, 225 years of hospitality and
14 gaming experience. We're a seasoned staff. Most of
15 us have opened property and have opened property in
16 new gaming jurisdictions. So as I committed to the
17 staff, we --- I think we know what we have to do and
18 we're committed to working with the staff together so
19 it can open on time, and hopefully in an effective
20 manner.

21 The key employee license application for
22 the most part, I believe just one has not been
23 submitted. That individual has to make certain
24 amendments to his file, and then that would be in
25 probably by the end of this week.

1 Hiring status, our job fair results,
2 we've hired approximately 200 employees. We
3 estimated, approximately 25 percent of the workforce
4 that we need for the October 15th opening. Most will
5 start towards the end of September. We're obviously
6 using the slot links system to process license
7 applications. And additional job fairs are scheduled
8 in August and September to complete staffing.

9 We're doing all our job fairs in the
10 Pocono region. And so that we're trying to do as much
11 as possible to hire within the region itself.

12 Just to give you an update on diversity,
13 so far our management staff is 25 percent women and 12
14 percent minority. Staff is 79 percent women and 29
15 percent minority. It's been a --- not only for the
16 owner but for myself as well, that we live up to the
17 spirit of the law. That's not a regulation, but we do
18 what's right.

19 A diversity committee has been formed.
20 It's composed of members of the executive team, by the
21 emphasis on training and orientation, and on
22 publication, our formal diversity policy will be
23 distributed to all our employees, and will be provided
24 with the employee handbook.

25 Compulsive gaming, we are in the process

1 of finalizing our plan, what's submitted. We're
2 looking at it again, making minor modifications to it.
3 It should be ready for submission very shortly. A
4 psychologist has been hired to help us train our
5 employees. And a whole plan so that our employees are
6 constantly monitoring and up to date regarding
7 compulsive gaming.

8 It'll be a component of our new-hire
9 orientation. And what we will do is, there's certain
10 employees at one level that will be trained at a lower
11 --- kind of a lower sensitivity level, a lower level.
12 Those with gaming contact will take a longer course,
13 so that they're fully aware of it. And all
14 advertising, it will obviously contain appropriate
15 disclosure.

16 At this point, at this date, Mount Airy
17 Casino and Resort is in compliance with its casino
18 license conditions. I think this is something Mr.
19 DeNaples wanted to show to you. With that I'm done
20 with my formal presentation.

21 MR. DECKER:

22 Thank you. That was a very good
23 presentation. We appreciate it. What questions do we
24 have?

25 MR. MCCABE:

1 Mr. Chairman, I have one question. I
2 didn't see anything about your internal controls.
3 What is the status of your internal controls? Have
4 you done a written --- or have you submitted them yet?

5 MR. D'AMATO:

6 Yes, sir. We submitted them
7 approximately two to three weeks prior to our due
8 dated draft. We filed on a timely basis, the internal
9 controls. My understanding, in speaking with the
10 staff is that they're in review right now, and we're
11 waiting replies back.

12 MR. MCCABE:

13 Thank you.

14 MR. DECKER:

15 Any other questions? Please, Jeff.
16 Commissioner Coy.

17 MR. COY:

18 Thank you, Mr. Chairman. Just a quick
19 question about what will be your smoking policy?

20 MR. D'AMATO:

21 The smoking policy, right now 75 percent
22 of the hotel rooms will be non-smoking. The bar areas
23 will be smoking and the restaurants non-smoking, and
24 I'm trying to work out and finalize a plan with the
25 slots director as to having at least a portion of the

1 floor approximately 25 percent as non-smoking. We
2 also have invested in state of the art air handlers.
3 It exceeds requirements as to air movement. I believe
4 over the state and federal mandate of return on the
5 air. So that's where we stand right now.

6 MR. COY:

7 Thank you.

8 MR. DECKER:

9 Commissioner Angeli.

10 MR. ANGELI:

11 Just a couple questions. I understand
12 what you're going through, I was interested in the
13 surrounding area, the acreage around the hotel. I
14 notice that you are a long way of completing and I got
15 a glimpse of the wastewater part, and I was curious,
16 in your original proposal you have a wastewater
17 treatment plant there. Is that an upgradeable plan,
18 or how are you handling the water for the facility?

19 MR. D'AMATO:

20 There's been a new water tank
21 constructed, and the wastewater treatment, it's my
22 understanding there's an upgrade and modernization of
23 an existing facility that is more than capable of
24 handling not only this, but our expansion plan as well
25 as Phase I-A.

1 MR. ANGELI:

2 Okay. The other question is, when I came
3 off, I came off Route 80 and came to where 80 is, and
4 it bypassed 611, got to the exit, a lot of traffic
5 congestion. Is there an upgrade planned for that
6 interchange?

7 MR. D'AMATO:

8 Not that I'm aware of.

9 MR. DENAPLES:

10 That's 611 and Woodland Road interchange?

11 MR. ANGELI:

12 The 611 and the one that comes off of
13 Route 80.

14 MR. DENAPLES:

15 That's a five --- yes, there is an
16 upgrade on that, and we're participating with the
17 state with that project there.

18 MR. ANGELI:

19 That's quite a traffic ---.

20 MR. DENAPLES:

21 Yes.

22 MR. ANGELI:

23 When I was up there, I was looking at ---
24 you had us --- I think we were coming into the hotel,
25 and then you have people coming in from another

1 entrance on the casino floor there. How are you going
2 to control underage traffic, because of the way people
3 would come in from the hotel lobby?

4 MR. D'AMATO:

5 Yes, sir. We have two major --- as the
6 presentation showed, two major egress plans. One
7 being the bus lobby, the self-parking lobby entrance.
8 There will be guard stations there to check on minors.
9 There's also another guard that will be placed at
10 times --- two guards at the hotel lobby, the expanse
11 on that entryway up from that level.

12 We are finalizing an escort policy for
13 people that want to come up and use a restaurant
14 facility that --- I have a main concern about minors
15 even coming to the facility, to be frank with the
16 Board. But I recognize that when you have buffets,
17 you have good restaurants and things like that, people
18 want to bring their families to eat. So we will have
19 an escort policy. We are also going to put on --- we
20 will probably stamp peoples hands if they're underage,
21 so that as they go through the property, we know what
22 facility they can use and what facilities they have to
23 stay away from.

24 MR. ANGELI:

25 Coming from the hotel and coming from the

1 front door --- coming from the hotel going over to the
2 banquet area?

3 MR. D'AMATO:

4 Yes. That is the major concern is ---
5 because it's wide, most of the time when there's
6 crowds, we'll have two people there, two guards there
7 monitoring the people coming in. We also may at times
8 put one down at the lobby level entry, because the
9 stairways up and the escalator up. We take it very
10 seriously. And again, I will just reiterate my
11 sensitivity to this.

12 It's an adult decision and not one for
13 children, having been in the industry for 25 years.
14 We try very hard to minimize that type of problem.

15 MR. ANGELI:

16 And the last question is, you had a jump
17 on this. You started right after our initial hearing.
18 From the standpoint of your costs and where you are,
19 are you on track, spending the amount of money that
20 you had planned on spending? And if not, what are you
21 doing about that?

22 MR. D'AMATO:

23 I think a couple months after I was hired
24 Mr. DeNaples was probably wondering why he hired me,
25 but we did make some changes that increased the costs.

1 We spent a considerable amount of time looking at the
2 casino layout, a copy of which has been provided to
3 you and staff.

4 We made it more attractive and more
5 entertaining for the guests. And we upgraded our
6 software requirements, so we did end up spending
7 approximately \$10 to \$15 million more on those types
8 of items as well as some upgrades on the tiles and the
9 flooring and things of that nature.

10 Again, as I told Mr. DeNaples today, it's
11 a little bit of show business. You're out to
12 entertain a person as well. It's just not all about
13 slot machines. It's about the look, the feel, people
14 feel secure and invited into the facility.

15 Mr. DeNaples has, obviously, provided
16 most of the funding at this point. We are in the
17 process of finalizing our finances with JPMorgan,
18 which I would anticipate will close tomorrow. This
19 will be fully-funded.

20 MR. ANGELI:

21 Thank you.

22 MR. DECKER:

23 Any other questions? Thank you very much
24 for coming in. We appreciate the update.

25 MR. DENAPLES:

1 Thank you very much.

2 MR. DECKER:

3 Good luck. Next up.

4 MS. TUCKER:

5 Mr. Chairman, next up, and last but not
6 least is Sands Bethworks we have Fred Kraus and Bob
7 Desalvio here to make the presentation.

8 MR. DECKER:

9 Thank you.

10 MR. DESALVIO:

11 Good afternoon, Mr. Chairman. I do want
12 to take the opportunity to introduce a couple of our
13 team members that are also joining us.

14 MR. DECKER:

15 Sure.

16 MR. DESALVIO:

17 Holly Eicher, our vice president and
18 general counsel. And Frank Devlin, our director of
19 construction, and Fred Kraus, general counsel.

20 MR. DECKER:

21 Okay. Thank you.

22 MR. DESALVIO:

23 Good afternoon Chairman Decker, members
24 of the board, staff, fellow licensees and ladies and
25 gentlemen. We at Sands Bethworks Gaming would like to

1 take this opportunity to update the Board on the
2 status of our project in Bethlehem, Pennsylvania.

3 Sands Bethworks Gaming opened its offices
4 in the heart of the south side of the City of
5 Bethlehem on April 9th, 2007. During the past four
6 months, we've begun to hire the executive staff,
7 including several vice presidents representing
8 finance, food, beverage, hotel, marketing, slot
9 operations and our general counsel.

10 We've also hired several directors for
11 our construction, sales hotel operations and cage
12 operations. In the near future, our vice president of
13 human resources will be joining our team.

14 Evidence of Sands Bethworks' commitment
15 to hiring local residents on our team is that of our
16 total 16 team members, seven were Pennsylvania
17 residents prior to being hired, constituting
18 approximately 44 percent of our team.

19 Furthermore, during the last fiscal
20 quarter Sands Bethworks has worked with approximately
21 55 vendors, of which 32 have operations located within
22 the State of Pennsylvania, representing more than 58
23 percent of our total vendor contracts.

24 On May 14th, 2007, we held our official
25 groundbreaking ceremony, and I must say it was really

1 a pleasure to see so many of the board members come
2 out to that event.

3 The level of service and quality and the
4 presentation of the groundbreaking event was just a
5 small taste of what is yet to come at our new
6 facility. We truly expect to have the most
7 comprehensive entertainment destination in eastern
8 Pennsylvania.

9 We are currently negotiating with several
10 celebrity chefs to bring exciting food concepts to our
11 selection of restaurants. And we are also in
12 negotiations with several nationally known retailers
13 to be showcased in our shopping venue.

14 Our Chairman, Mr. Adelson and his wife
15 Dr. Adelson were honored at a luncheon held at Lehigh
16 University on May 22nd, 2007. This even was sponsored
17 by the Greater Lehigh Valley Chamber of Commerce and
18 our community partners to honor the Adelsons and to
19 introduce them to the residents and community leaders.

20 Prior to being awarded the license to
21 conduct slot operations at the site of the former
22 Bethlehem Steel Mill, Sands Bethworks was an active
23 participant in the local community. This effort to
24 become and active and supportive community member
25 continues today. Sands Bethworks has reached out to

1 numerous cultural organizations, has participated in
2 many charitable events, and has become a sponsor of
3 several local community groups.

4 For the past few years, Sands Bethworks
5 has participated in the annual south side clean-up on
6 the south side of Bethlehem. We are now in our second
7 year of sponsorship of the annual MusikFest event held
8 in Bethlehem. This event is produced by one of our
9 community partners, ArtsQuest, and draws more than one
10 million people to the city every August for ten days,
11 featuring concerts by major artists. And I have to
12 admit, I was at the Moody Blues last night, and it was
13 quite a thing in the Lehigh Valley to see 6,000 people
14 at an open-air concert. And it really does show that
15 the Valley appreciates the art.

16 Sands Bethworks has pending agreements
17 with local community organizations to provide a
18 location on our site for SteelStax, a performing Arts
19 and television studio project in conjunction with
20 ArtsQuest and PBS 39.

21 ArtsQuest is developing an events center
22 on the site adjacent to the iconic blast furnaces.
23 Since January, the SteelStax partners have retained
24 Kostow Greenwood architects of New York and have
25 completed the programming phase with the architects.

1 The partners have also produced a
2 cultural enhancement plan, which was released on
3 August 2nd and can be viewed at www.steelstax.org.
4 This dynamic plan indicates the tremendous amount of
5 arts, education, culture and broadcast programming
6 that will be available to the people of Pennsylvania
7 and our guests from the SteelStax project.

8 The SteelStax project is in the quiet
9 phase of its fundraising with leadership donors, and
10 they report that the project is being received very
11 well.

12 The National Museum of Industrial History
13 and Sands Bethworks have been working closely on a
14 coordinated approach to their current phase of
15 development. NMIH has consulted with Sands Bethworks
16 on key artifacts that should be preserved. Sands
17 Bethworks has asked NMIH to be the lead organization
18 in developing a site interpretation plan that would
19 inform tourists about the history of operation
20 conducted on the site by Bethlehem Steel Corporation.

21 Also, NMIH is working with our design
22 team to determine the appropriate artifacts to be
23 placed around the site to further exemplify the nature
24 of the work which took place at the site and to
25 capture some of the large scale machinery and

1 equipment that typified major industry during the past
2 two centuries.

3 The National Museum of Industrial History
4 owns one building on the site and has performed some
5 restoration work and improvements to it. They have
6 retained a national fundraising firm from New York
7 City and are aggressively marketing the story of our
8 nation's industrial history to prospective donors
9 throughout the country.

10 NMIH has raised more than \$14.5 million
11 towards its goal of \$26 million, and is projecting an
12 opening date of its first building to coincide with
13 the opening of our complex.

14 We've also been working with the City of
15 Bethlehem and the Bethlehem Economic Development
16 Corporation to provide space for a visitors center on
17 the site.

18 We've also met with Dr. Arthur Scott,
19 president of Northampton Community College, to discuss
20 future training programs that will be provided to the
21 community. These programs will focus on providing job
22 training to local residents to assist them in
23 ultimately in obtaining employment within our
24 organization.

25 We've begun to provide training courses

1 in the area of responsible gaming by periodically
2 holding training sessions for local healthcare
3 professionals at the Northampton Community College,
4 and we've held vendor registration and certification
5 training through the Greater Lehigh Valley Chamber of
6 Commerce.

7 Sands Bethworks has also joined in an
8 effort with the Community Action Committee of the
9 Lehigh Valley to expand the number of qualified,
10 certified women and minority-owned businesses in the
11 Valley. The Community Action Committee of the Lehigh
12 Valley in conjunction with Sands Bethworks will
13 coordinate training efforts for these businesses and
14 expedite their WBE/MBE certification process.

15 The combined number of women and
16 minority-owned businesses that we have worked with
17 during this past fiscal quarter represented 19 percent
18 of our total vendor contracts.

19 From a licensing standpoint, Sands
20 Bethworks has complied with every requirement set
21 forth in the Statement of Conditions that is
22 applicable at this time. We have submitted our \$50
23 million licensing fee to the Board on July 23rd, 2007,
24 and we have posted the required \$1 million bond with
25 the Board as of July 30, 2007.

1 Demolition and abatement of the existing
2 structures started in May of this year with the
3 mobilization of Brandenburg Industries in April. The
4 anticipated completion is the end of September with 85
5 percent of the abatement and demolition work complete.

6 Unanticipated asbestos was encountered
7 and abated with some impact to the overall schedule.
8 Also encountered has been an unforeseen amount of old
9 structural concrete. These walls and foundations have
10 been difficult to remove. A recovery effort which
11 includes additional resources is currently being
12 implemented. This situation has impacted the overall
13 project schedule.

14 Site work started with the mobilization
15 of Joseph J. Jingoli & Son in May. Work is underway
16 on the erosion and sediment control, utility
17 relocation and site grading. This work is progressing
18 as scheduled to allow the start of building
19 foundations in October.

20 The mill order for the structural steel
21 for the casino and retail buildings will be placed in
22 August with erection of the structures beginning next
23 February.

24 We are in contract negotiations with Carl
25 Walker Construction Company for the design and

1 building of the superstructure of the parking garage.
2 The mill order for the steel will be placed this month
3 with erection of the parking garage beginning in
4 March.

5 The revised construction schedule calls
6 for completion of the casino with 3,000 slots, parking
7 garage, food and beverage and some retail to the
8 second quarter of 2009. This will be followed by the
9 completion of the hotel, multi-purpose venue and
10 remainder of the retail in the third quarter of 2009.
11 The remainder of the casino, 2,000 slot machines, will
12 come on line six months after opening with approval of
13 this Board.

14 The first draft of the project labor
15 agreement was presented to the Union Building and
16 Construction Trades Council of the Lehigh Valley on
17 July 24th, 2007. This agreement was presented to the
18 associated unions on July 25th. Comments have been
19 received with the anticipated conclusion of these
20 discussions in August.

21 We are in discussions with A.H. Butz,
22 Inc. of Allentown to provide construction management
23 services to the Sands Bethworks construction group.

24 The design of the Sands Bethworks
25 development has evolved out of the recognition of the

1 rich historical importance of this significant site as
2 well as consideration of the vital role it can play in
3 the renaissance of the local economy.

4 The design concept has been framed as,
5 bringing new life to old steel. This strategy
6 includes preservation and re-use of existing
7 structures along with the adoption of an interpretive
8 re-invention of historic themes and existing
9 development patterns in the creation of dynamic and
10 compatible new structures.

11 Working together these motives have
12 fostered a development that is integrated with
13 Bethlehem's south side neighborhood and is sensitive
14 to the unique architectural context of the Bethlehem
15 Steel Company and its historic, dramatic buildings.
16 And we did have a leaflet, which we gave to members of
17 the Board.

18 I did want to report that the design has
19 actually not changed substantially from what you
20 previously saw, and all components are going to be
21 built as originally planned.

22 Sands Bethworks' design and development
23 team have been working closely with the City of
24 Bethlehem as well as other authorities, including
25 PennDOT, the Northampton County Conservation District

1 and the Lehigh Valley Planning Commission.

2 The site plan for the development was
3 refined in response to this dialogue, and the layout
4 of the buildings have been set accordingly.

5 Recently, Sands Bethworks, LLC submitted
6 an application for final site plan approval with the
7 City of Bethlehem. The documents comprising this
8 submittal were the culmination of a planning dialogue
9 the team has had with the City of Bethlehem and other
10 authorities.

11 In the development of this submittal, the
12 design and the development team participated in a
13 carefully coordinated series of preliminary reviews
14 with over a dozen separate departments within the City
15 of Bethlehem.

16 Captured in this process were issues
17 ranging from site traffic safety, emergency service
18 access and operations, landscape design, lighting
19 design, crime prevention through environmental design,
20 and project wide recycling program, among many others.

21 This valuable communication has produced
22 a comprehensive site plan application that is
23 anticipated to respond to all issues that will arise
24 as this application completes its formal review in
25 August. The site plan will be presented publicly at a

1 special meeting of the Bethlehem Planning Commission
2 on August 30th and final approval is anticipated in
3 early September. Once secured, approval of the final
4 site plan will enable the issuance of building permits
5 for the Sands Bethworks development.

6 In conclusion, we appreciate the
7 opportunity we've had to update the Board on the
8 status of the project, and we look forward to future
9 updates where we can present a more comprehensive look
10 at interior design and other issues. Thank you very
11 much.

12 MR. DECKER:

13 You should have been here a little
14 earlier, but we appreciate you coming and telling us
15 where you stood on this. Any questions? Please, go
16 ahead.

17 MR. ANGELI:

18 I just have one question. You were
19 talking about the historical organization and your
20 involvement in that. You mentioned at the hearing the
21 last time concerning development, the issues of
22 design, or not design, is really involved in all of
23 the architectural drawings of Bethworks, and I was
24 just wondering if you have that resource or if you're
25 going to use that. It might be something you want to

1 look at.

2 MR. DESALVIO:

3 Yes. I believe one of their key
4 representatives is Lance Mett (phonetic), and the
5 folks that were working with Bethworks have met
6 previously with Lance, and we'll be actually meeting
7 with Lance sometime in the near future to review the
8 interpretive plan. And so that we want to make sure
9 that we retain the character and the history on the
10 site, and Lance's wealth of information.

11 MR. ANGELI:

12 All right. Thank you. I have no further
13 questions.

14 MR. DECKER:

15 Thank you. Any other questions? Well,
16 good. Thank you very much. We look forward to
17 hearing from you again. Before you leave we have
18 something for you.

19 MR. DESALVIO:

20 All right. Thank you very much. Good
21 luck, Mr. Chairman, in your many endeavors and good
22 luck to the future Chairman as well.

23 MS. COLINS:

24 Thank you.

25 OFF RECORD DISCUSSION

1 MR. DECKER:

2 Okay. We're going to move pretty quickly
3 now.

4 MS. TUCKER:

5 Mr. Chairman, because the Category 1
6 licensees have addressed the issues to the Board
7 today, I will not need to make a quarterly report and
8 we can move on with the results.

9 MR. DECKER:

10 Thank you. And again, thanks for all the
11 operators coming in today. Okay. Who's up next?

12 MS. TUCKER:

13 Eileen.

14 MR. DECKER:

15 Mike Walsh. Like I said, we're going to
16 finish this before 2:00. Michael? What do you have
17 for us today?

18 MR. WALSH:

19 We have, Mr. Chairman, members of the
20 board three candidates for consideration by the Board.

21 MR. DECKER:

22 Okay.

23 MR. WALSH:

24 In the executive office Dawn Visaferra
25 (phonetic) as administrative assistant in the Office

1 of Professional Responsibility, Susan Downger
2 (phonetic), administrative assistant, Bureau of
3 Investigations and Enforcement, at Chester Downs,
4 Harry Smith, as a casino enforcement agency.

5 MR. DECKER:

6 Thank you.

7 MR. WALSH:

8 And all of those candidates have
9 completed a background investigation. The results of
10 which have been approved by the AC, and they are all
11 recommended by us. We would respectfully request a
12 motion by the Board to approve these individuals.

13 MR. DECKER:

14 Thank you. May I have a motion
15 concerning title, please?

16 MR. RIVERS:

17 Yes. Mr. Chairman, based on the
18 recommendation of the Director of Administration, I
19 move that we hire the three individuals mentioned.

20 MR. COY:

21 Second.

22 MR. DECKER:

23 Thank you. Any questions? Hearing none,
24 all those in favor?

25 AYES RESPOND

1 MR. DECKER:

2 Any opposed?

3 NO RESPONSE

4 MR. DECKER:

5 The motion carries. Michael, anything
6 else today?

7 MR. WALSH:

8 Thank you for your services.

9 MR. DECKER:

10 Thank you.

11 MR. WALSH:

12 In the interest of time. But on behalf
13 Bureau of Administration, we do want to say thanks for
14 your leadership and support over the last three years.
15 It's been a professional and a personal privilege to
16 have worked with you.

17 MR. DECKER:

18 Well, thank you. Thank you very much.
19 Okay. Next up, Office of Chief Counsel. Okay. Now
20 that that's finished, we'll move on to ---.

21 ATTORNEY DONAGHUE:

22 Actually, Mr. Chairman, since this is
23 your last meeting, I have asked Richard to read the
24 entire preamble as well.

25 MR. DECKER:

1 When is the pizza coming in?

2 ATTORNEY DONAGHUE:

3 Richard, I'll turn it over to you for the
4 final regulations.

5 MR. SANDUSKY:

6 Good afternoon, members. Today we have
7 four final-form rulemaking packages that I would like
8 to go over. The first package is the final-form
9 rulemaking regulation for the first half of our
10 licensing chapters. That includes Chapters 421a,
11 423a, which are general provisions, as well as
12 Chapters 425a, 427a, 431a, 436a, 438a, 439a and 440a,
13 which includes manufacturers, suppliers, licenses
14 entity, representatives, horsemen's organizations,
15 labor organizations, and last but not least management
16 companies.

17 MR. DECKER:

18 Okay.

19 MR. SANDUSKY:

20 We do have three sets of comments from
21 the public on these regulations. They were from Downs
22 Racing, Greenwood Gaming and Entertainment, and
23 Keystone Gaming Technologies. We received extensive
24 comment from Representative Paul Clymer, who is the
25 Republican Chairman of the Gaming Oversight Committee,

1 and from the Independent Regulatory Review Commission.

2 While the comments were fairly lengthy,
3 most of them have requested further clarification on
4 the provision and for a little more information for
5 statutory authority and the actual need and how we
6 would implement those.

7 We have made a number of extensive
8 changes within the body of the regulations. And if
9 there are any questions, I or Susan will be happy to
10 try and answer them. Otherwise we'd ask for a motion
11 for adoption.

12 MR. DECKER:

13 Thank you, Richard. Any questions?
14 Commissioner Colins, did you have one?

15 MS. COLINS:

16 No.

17 MR. DECKER:

18 Thank you. Okay. Hearing none, all
19 those in favor? I'm sorry?

20 MS. COLINS:

21 I'll have the motion.

22 MR. DECKER:

23 May I have a motion? Thank you.

24 MS. COLINS:

25 Yeah. I'll offer the motion that the

1 chapters you referred to be adopted and posted on the
2 Board's website.

3 MR. DECKER:

4 Thank you. Is there a second?

5 MR. RIVERS:

6 Second.

7 MR. DECKER:

8 Thank you. You mean I can't make a
9 motion and second it myself? Again, any questions on
10 Richard's information on these particular exceptions?
11 Hearing none, all those in favor?

12 AYES RESPOND

13 MR. DECKER:

14 Any opposed?

15 NO RESPONSE

16 MR. DECKER:

17 Motion carries. Richard?

18 MR. SANDUSKY:

19 Okay. The second package today is
20 final-form regulation of Chapters of 501a and 503a.
21 As you can remember, these were final-form regulations
22 that had been scheduled for consideration before the
23 Independent Regulatory Review Commission.

24 However, in light of some comments by
25 IRRC and by the House chairmen, both Representative

1 James and Representative Clymer, we pulled them back
2 to take a look specifically at the issue concerning
3 the very limited civil liability that was included in
4 the regulations.

5 In response to those comments, we have
6 made two major revisions in Chapter 501a. The first
7 is the removal of those civil liability provisions.
8 The second has been a reduction in the
9 responsibilities that we will be placing on slot
10 machine licensees.

11 In the original regulations, we had
12 fairly ambitious, compulsive and problem gaming plan
13 requirements. Most of that remains intact. What we
14 have done is we have reduced the obligation on the
15 part of the slot machine licensees so that they will
16 not be responsibility for attempting to identify and
17 actually refer to qualified treatment professionals,
18 potential persons who may have a compulsive gaming
19 problem and reword that requirement to providing
20 information about treatment options overall.

21 So it is a slightly less aggressive
22 requirement, but still one that will help to try and
23 get people who may a problem with the help they need.

24 MR. DECKER:

25 Thank you. May I have a motion

1 concerning the Chapters and regulations?

2 MR. COY:

3 Mr. Chair, I move that the Board adopt
4 final-form Regulation Number 125-54 pertaining to
5 Chapters 501a and 503a, and that the Board post the
6 final-form regulation on the Board's website.

7 MR. DECKER:

8 Thank you. Is there a second?

9 MR. SOJKA:

10 Second.

11 MR. DECKER:

12 Thank you. Any questions for Richard?

13 All those in favor?

14 AYES RESPOND

15 MR. DECKER:

16 Any opposed?

17 NO RESPONSE

18 MR. DECKER:

19 The motion carries. Richard, one more
20 set I think; right?

21 MR. SANDUSKY:

22 No, we've got two.

23 MR. DECKER:

24 Oh, two. Okay.

25 MR. SANDUSKY:

1 The third final-form is Chapters 511a and
2 513a. There were provisions in Chapter 511a, which
3 deal with excluded persons that had similar limited
4 liability protection provisions within them.

5 In light of the concerns that had been
6 expressed again by IRRC and the House, we made similar
7 changes in this chapter, although in this chapter all
8 it is, is the deletion of those particular liability
9 provisions. Other than that, it's the same as you've
10 seen before.

11 MR. DECKER:

12 Okay. Thank you. May I have a motion?

13 MR. MCCABE:

14 Yes. Mr. Chair, I move that the Board
15 adopt the final-form Regulation Number 125-57
16 pertaining to Chapters 511a and 513a and that the
17 Board post this final-form regulation on the Board's
18 website.

19 MR. DECKER:

20 Thank you. Is there a second?

21 MS. COLINS:

22 Second.

23 MR. DECKER:

24 Thank you. Any questions? All those in
25 favor?

1 AYES RESPOND

2 MR. DECKER:

3 Any opposed?

4 NO RESPONSE

5 MR. DECKER:

6 The motion carries. Okay, Richard.

7 MR. SANDUSKY:

8 And last but not least, the fourth
9 package for your consideration today is the adoption
10 of final-form regulations for the rest of our chapters
11 that are rules of practice and procedure. These
12 include Chapters 493a through 499a.

13 On those regulations, we received no
14 comments from the public, and no comments from either
15 the House or the Senate. And actually, only one small
16 minor comment from the Independent Regulatory Review
17 Commission.

18 However, based on experience that BIE and
19 the Office of Hearing and Appeals has had, we did make
20 some limited revisions. Those related to expanding
21 sections, provisions related to discovery, extending
22 the time period in which someone may file exceptions
23 from 10 days to 15 days. And also allowing requests
24 for a continuance of a hearing to be done orally.

25 This last change was done in response to

1 the number of proceedings that we're having related to
2 gaming employee or a nongaming registration. And just
3 to make it a little easier for these people, most of
4 whom are appearing pro se, we have added the ability
5 that they can orally request an extension or
6 continuance.

7 MR. DECKER:

8 Okay. Great. May I have a motion?

9 MR. RIVERS:

10 Yes. Mr. Chairman, I move that the Board
11 adopt the final-form Regulation Number 125-56
12 pertaining to Chapters 491a, 493a, 494a, 495a, 497a
13 and 499a.

14 MR. DECKER:

15 Thank you. Sorry.

16 MR. RIVERS:

17 I move that the Board post this
18 final-form regulations on the Board's website.

19 MR. DECKER:

20 Thank you.

21 MR. COY:

22 Second.

23 MR. DECKER:

24 Thank you. Any questions for Richard?

25 Hearing none, all those in favor?

1 AYES RESPOND

2 MR. DECKER:

3 Any opposed?

4 NO RESPONSE

5 MR. DECKER:

6 The motion carries. Richard, thank you.

7 You've done a very good job. I thank you for your
8 help.

9 MR. SOJKA:

10 Mr. Chairman, could I just make one brief
11 statement? I do have some sense of disappointment
12 that one of the constant criticisms is leveled at our
13 efforts to both regulating and tax this industry is
14 that in some way or another it generates problem
15 gamblers. And I was pleased that we made what I
16 thought was an aggressive effort. And though I
17 understand the necessity to remove that language, I'm
18 disappointed that we're not doing and can't do every
19 imaginable thing to reduce that later.

20 MR. SANDUSKY:

21 Commissioner, even with that one thing, I
22 think the board members can feel very proud about what
23 has been done in this area, and it is clear to me that
24 Pennsylvania is going to be a leader.

25 MR. SOJKA:

1 Thank you.

2 MR. DECKER:

3 And we'll re-visit that. I will assume
4 the Board, and Nan Horner has done a great job, will
5 be reviewing this from time to time. Okay. Thank
6 you.

7 MR. SANDUSKY:

8 Thank you.

9 MR. DECKER:

10 All right. Frank, what's next?

11 ATTORNEY DONAGHUE:

12 And next up, Mr. Chairman, in the way of
13 other business, we have a number of withdrawals for
14 the Board's consideration. We will take four separate
15 motions. First, the Board has received the following
16 petition of Atronic Americas, LLC to withdraw the
17 principal removal application of Michael Lauer at
18 Docket Number 32624, Bureau of Licensing Docket Number
19 1072.

20 With regard to this request, it's
21 reviewed by the Office of Enforcement Counsel, and the
22 Chief Enforcement Counsel has no objection to
23 withdrawal as there's no information constituting good
24 cause to deny condition of prejudice withdrawal of the
25 application. And all required fees have been paid to

1 date. The petition would be granted without
2 prejudice.

3 The Chief Counsel's office concurs in its
4 review and submits the petition for a motion by the
5 Board to grant the petition without prejudice.

6 MR. DECKER:

7 Thank you. May I have a motion to that
8 effect?

9 MR. COY:

10 Mr. Chairman, I move that the Board grant
11 the withdrawal petition without prejudice.

12 MR. DECKER:

13 Thank you. Is there a second?

14 MR. RIVERS:

15 Second.

16 MR. DECKER:

17 Thank you. Any questions for Frank or
18 Doug? Hearing none, all those in favor?

19 AYES RESPOND

20 MR. DECKER:

21 Any opposed?

22 NO RESPONSE

23 MR. DECKER:

24 The motion carries.

25 ATTORNEY DONAGHUE:

1 Mr. Chairman, with regard to the next two
2 withdrawal applications, the Board has received the
3 following petition of Chester Downs and Marina, LLC to
4 withdraw the principal waiver application of David
5 Richter, PCGB OHA Docket Number 32694, Bureau of
6 Licensing Docket Number 1502.

7 With regards to this request, it was
8 reviewed by the Office of Enforcement Counsel and
9 Chief Enforcement Counsel. There's no objection to
10 the withdrawal as there is no information constituting
11 good cause to deny the condition or prejudice the
12 withdrawal of the application, and all required fees
13 have been paid as of this date.

14 This petition would be granted, again,
15 without prejudice. The Board has also received the
16 following petition of Chester Downs and Marina, LLC to
17 withdraw the petition of the principal waiver
18 application of Gerald Tuthill.

19 With regard to this request, it was
20 reviewed by the Office of Chief Counsel, Chief
21 Enforcement Counsel has no objection to withdrawal, as
22 there is no information constituting good cause to
23 deny condition or prejudice the withdrawal of the
24 application, and all required fees have been paid as
25 of this date. The petition will be granted without

1 prejudice.

2 That particular matter is at OHA Docket
3 Number 32695. And the Chief Counsel's office concurs
4 this review and submits the petition for a motion by
5 the Board to grant the petition without prejudice.

6 MR. COY:

7 Mr. Chairman, I move that the Board grant
8 the withdrawal petitions without prejudice for the Key
9 Employee Qualifier Waiver Applications as described by
10 the Chief Counsel.

11 MR. DECKER:

12 Thank you. Is there a second?

13 MR. MCCABE:

14 Second.

15 MR. DECKER:

16 Thank you. Any questions for Frank?

17 Hearing none, all those in favor?

18 AYES RESPOND

19 MR. DECKER:

20 Any opposed?

21 NO RESPONSE

22 MR. DECKER:

23 The motion carries.

24 ATTORNEY DONAGHUE:

25 Next, Mr. Chairman, the Board's received

1 the following petition of Aristocrat Technologies,
2 Inc. to withdraw the principal application of Robert
3 Andrew Perry at OHA Docket Number 32638. The Bureau
4 of Licensing Docket Number 2046 with regard to the
5 request that was reviewed by the Office Enforcement
6 Counsel and Chief Enforcement Counsel has no objection
7 to withdraw if there's no information constituting
8 good cause to deny condition or prejudice the
9 withdrawal of the application. And all required fees
10 have been paid to date.

11 The petition would be granted without
12 prejudice. Chief Counsel Office concurs in this
13 review and submits the petition for a motion by the
14 Board to grant the petition without prejudice.

15 MR. DECKER:

16 Thank you. May I have a motion to that
17 effect, please?

18 MS. COLINS:

19 Yes. I'll move to grant that petition to
20 withdraw.

21 MR. DECKER:

22 Thank you. Is there a second?

23 MR. SOJKA:

24 Second.

25 MR. DECKER:

1 Any questions? All those in favor?

2 AYES RESPOND

3 MR. DECKER:

4 Any opposed?

5 NO RESPONSE

6 MR. DECKER:

7 The motion carries.

8 ATTORNEY DONAGHUE:

9 And finally, Mr. Chairman, with regard to
10 the withdrawal petitions related to non-gaming
11 employees, the Board has received the following
12 petition of Presque Isle Downs, to withdraw the
13 non-gaming application of Richard Stoddard (phonetic)
14 at OHA Docket Number 34663.

15 With regard to this request, it was
16 reviewed by the Office of Enforcement Counsel, and the
17 Chief Enforcement Counsel has no objection to the
18 withdrawal, as there was no information constituting
19 good cause to deny the condition or prejudice the
20 withdrawal of the application. And all required fees
21 have been paid as of this date. The petition would be
22 granted without prejudice.

23 In addition, the Board has received the
24 following petition of Presque Isle Downs to withdraw
25 the non-gaming application of Amanda Morgan at OHA

1 Docket Number 34675. The Board has also received the
2 following petition of Greenwood Gaming Entertainment
3 to withdraw the non-gaming application of Josephine
4 Capiiece (phonetic) at PGCB OHA Docket Number 32637.

5 With regard to both of these, they have
6 been reviewed by the Office Enforcement Counsel and
7 the Chief Enforcement Counsel has no objection to
8 their withdrawal, as there is no information
9 constituting good cause to deny condition or prejudice
10 the withdrawal of the application. And all required
11 fees have been paid as of this date. The petition
12 would be granted without prejudice in both of these
13 instances.

14 Chief Counsel's office concurs with this
15 review and submits all these petitions for a motion by
16 the Board to grant the petitions without prejudice.

17 MR. DECKER:

18 May I have a motion please concerning
19 that?

20 MR. MCCABE:

21 Mr. Chair, I move that the Board grant
22 the referral petition without prejudice for gaming and
23 non-gaming employees, permitting their applications,
24 as described by our Chief Counsel.

25 MR. DECKER:

1 Thank you. Is there a second?

2 MR. SOJKA:

3 Second.

4 MR. DECKER:

5 Thank you. Any questions? All those in
6 favor?

7 AYES RESPOND

8 MR. DECKER:

9 Any opposed?

10 NO RESPONSE

11 MR. DECKER:

12 The motion carries. One other item?

13 ATTORNEY DONAGHUE:

14 Yes, one other item. I'll turn it over
15 to Deputy Chief Counsel.

16 ATTORNEY SHERMAN:

17 Good afternoon. The Board has received a
18 petition filed by Downs Racing. This information will
19 be transfer of employees from a surveillance
20 department to its human resources department. The
21 employee Lori Ann Butler is currently licensed by the
22 Board as a surveillance supervisor. Downs Racing
23 desires to move her into a position as a training
24 specialist.

25 Generally, a surveillance employee cannot

1 be moved into another position at a facility unless
2 there's a prior determination that the transfer in
3 position would not adversely affect security, or
4 facilitate irregularities or illegal acts.

5 In this case, Downs Racing and
6 surveillance director have both represented there will
7 be no adverse impact by the requested transfer.

8 In addition, the Gaming Control Board
9 lead enforcement counsel agent at Downs has no
10 objection to the transfer, and the Office of
11 Enforcement Counsel, likewise, has no objection.

12 Based upon the review of the matter in
13 light of any objection, it would be appropriate for
14 this board to entertain a motion to approve the
15 transfer position for Ms. Butler, as requested.

16 MR. DECKER:

17 Thank you.

18 MR. COY:

19 Mr. Chairman, I move the Board approve
20 the transfer of Downs Racing, LP employee Lori Ann
21 Butler from the position of surveillance supervisor to
22 training specialist upon representation that no
23 adverse impact will occur as a result of the transfer,
24 and that upon the lack of any objection from the
25 casino enforcement agency or the Office of Enforcement

1 Counsel.

2 MR. DECKER:

3 Thank you. Is there a second?

4 MR. SOJKA:

5 Second.

6 MR. DECKER:

7 Thank you. Any questions? All those in
8 favor?

9 AYES RESPOND

10 MR. DECKER:

11 Any opposed?

12 NO RESPONSE

13 MR. DECKER:

14 The motion carries. Thank you, Frank and
15 Doug.

16 ATTORNEY DONAGHUE:

17 Mr. Chairman, while I have the floor, on
18 behalf of all the employees of the Office of Chief
19 Counsel, I just want to say that the integrity and the
20 work ethic that you have exhibited in your tenure has
21 now been mirrored by the staff in the Office of Chief
22 Counsel and has benefited this agency as a whole.
23 We're going to miss your counsel, your tenacity and
24 your tremendous leadership.

25 MR. DECKER:

1 Thank you very much, but I don't think I
2 worked that hard. Okay. Dale, you're up, please.

3 MR. MILLER:

4 Thank you, Mr. Chairman. I offer for
5 your consideration today, a regulatory violation
6 consent agreement, entered into between
7 representatives of Downs Racing, LP, that's what ---
8 and the Office of Enforcement Counsel. At the end of
9 this short presentation, we'll ask that the agreement
10 be approved by the Board.

11 The agreement extends from an incident on
12 April 13th, 2007 at Mohegan Sun. An underage
13 individual, who was 19 years at the time, the
14 promotion staff at Mohegan Sun attempted to secure a
15 player's card.

16 The Mohegan Sun employee denied the
17 player's card after determining that the patron was
18 under 21 years of age. The patron then stated that
19 she intended to play the slot machines without a card,
20 left the desk and entered the gaming floor several
21 minutes later.

22 Security was notified 13 minutes later.
23 The individual was removed from the gaming floor and
24 all winnings were confiscated. Of course, winnings
25 incurred by an individual that's under 21 years of age

1 are remitted to the Board and deposited to the
2 Compulsive and Problem Gambling Treatment Fund.

3 The circumstances in this instance, which
4 allowed the individual to enter the gaming floor, and
5 engage in gaming, was caused by a procedure then in
6 place, requiring the promotions desk to first notify
7 the supervisor, and then the supervisor calling
8 security. Rather than the promotion staff immediately
9 notifying security, where they could have gotten the
10 individual before she entered the gaming floor.

11 We consider this lapse in security to be
12 an aggravating factor which brought about this
13 agreement. In mitigation, of course, the answer was
14 self-recorded. And the proposed consent order
15 acknowledges the error in the communication process,
16 admits to a violation of 58 Pa Code Section 513.2(b),
17 which is the Underage Gaming Act.

18 They agreed to pay a fine of \$10,000 plus
19 the cost of the investigation, which was \$1,744.99.
20 Downs Racing agreed, also, to institute remedial
21 measures to minimize the potential for a similar
22 incident to occur.

23 I will note that this agreement was
24 negotiated without the filing of a complaint, and did
25 insert our four levels of enforcement action.

1 Members of the Board, based on those
2 facts, the negotiation agreement, the signatures of
3 Downs Racing and my signature on the consent
4 agreement, I ask that the Board adopt a motion that
5 this consent agreement be entered and Downs Racing pay
6 the fine.

7 MR. DECKER:

8 Are there any questions from the Board
9 about this? To me, it seems a little stiff. I was
10 thinking ---.

11 MR. MILLER:

12 Pardon me?

13 MR. DECKER:

14 It seems a little stiff.

15 MR. DECKER:

16 It seems a little stiff for 13 minutes.

17 I mean, I don't know what others think of it, but ---.

18 MR. MILLER:

19 Mr. Chairman, we can look at that.

20 Underage gaming is a problem in the industry. There's
21 no doubt about it.

22 MR. DECKER:

23 We're not saying it isn't, Dale. We
24 understand that.

25 MR. MILLER:

1 The aggravating factor here is the lack
2 of security, that the security procedures that they
3 had in place were not going to allow them to catch
4 underage gamers once they pass the front desk.

5 MS. COLINS:

6 Mr. Chairman, can I ask a question?

7 MR. DECKER:

8 Go ahead, Commissioner Colins.

9 MR. ANGELI:

10 Mr. Chairman, there's no rule on the
11 motion.

12 MR. DECKER:

13 Okay. You're right. Can I have a motion
14 to the effect that Mr. Miller suggested to us?

15 MR. RIVERS:

16 Yes. Mr. Chairman, out of consideration
17 of the consent agreement, as presented by the Chief
18 Enforcement Counsel, and in consideration for the
19 factual basis set forth therein, I move that the Board
20 approve the consent order between the Office of
21 Enforcement Counsel and Mohegan Sun at Pocono Downs to
22 resolve the matter at Docket Number MS-023-07E.

23 MS. COLINS:

24 Mr. Chairman, can we have a parliamentary
25 ---?

1 MR. DECKER:

2 No, I think it's right. Can we have a
3 second?

4 MR. MCCABE:

5 I second that.

6 MR. DECKER:

7 Okay. Now, go ahead.

8 MS. COLINS:

9 Before we vote on this, can I ask some
10 questions?

11 MR. DECKER:

12 Yes.

13 MS. COLINS:

14 When this card was applied for, how much
15 time lapsed between the acknowledgement that this
16 individual was underage and the call to security?

17 MR. DECKER:

18 Thirteen (13) minutes.

19 MR. MILLER:

20 It was 13 minutes.

21 MS. COLINS:

22 Thirteen (13) minutes before security
23 arrived or before the call was made?

24 MR. MILLER:

25 It was very shortly --- the call was

1 made, and security arrived within a very few --- a
2 very short period of time. Seconds. The call was
3 made and they were right there.

4 MS. COLINS:

5 Is the problem here that they didn't call
6 a supervisor?

7 MR. MILLER:

8 No, the problem was that the person at
9 the front desk who checked --- who was asked for the
10 player's card, knew that the person was under 21,
11 because you can't get a player's card unless you're
12 21.

13 MS. COLINS:

14 Okay. And then ---.

15 MR. MILLER:

16 So she knew that the person was under 21.
17 She should have had the ability to immediately call
18 security, which is at the entrance of the casino.
19 They could have then been alerted and gotten the
20 person before they entered the gaming floor. Instead
21 she was required to call her supervisor, who then
22 evaluated the situation before calling security.

23 MR. MCCABE:

24 If I can to help defend this. We're not
25 fining them the amount of time it took their security

1 to respond, we're fining them for their internal
2 controls, the procedures that they had in place
3 weren't adequate enough to stop this individual from
4 coming onto the gaming floor.

5 MR. MILLER:

6 That's correct. And of course ---.

7 MS. COLINS:

8 What is the internal control that's
9 effective here?

10 MR. MILLER:

11 Well, they're supposed to have sufficient
12 security.

13 MS. COLINS:

14 What does the internal controls say that
15 we approved? What are the internal controls vis-a-vis
16 this situation, say, which we approved?

17 MR. MILLER:

18 Well, I don't know ---.

19 MS. COLINS:

20 As long as we know that what we approved,
21 did they then violate it?

22 MR. MILLER:

23 What they violated was the regulation
24 that was detailed. It does not allow a person under
25 21 to play the slot machines. The aggravating factor

1 was that their security situation, at the time, was
2 not sufficient to allow them to catch this person
3 before they entered the gaming floor.

4 MR. RIVERS:

5 Mr. Chairman, based on some uncertainty,
6 I would like to withdraw my motion at this time.

7 MR. DECKER:

8 How about amending it to defer?

9 MR. RIVERS:

10 Okay. I'll amend it to defer, for
11 further discussion.

12 MR. DECKER:

13 Can I have a second?

14 MR. SOJKA:

15 Yes, second.

16 MR. DECKER:

17 Any further questions about that?

18 Hearing none, all those in favor?

19 AYES RESPOND

20 MR. DECKER:

21 Thank you. Any opposed?

22 NO RESPONSE

23 MR. DECKER:

24 Thank you. We defer this to the next
25 meeting. Thank you, Dale. Thanks for your help.

1 Susan, you're up next.

2 MR. RIVERS:

3 And check on their internal controls to
4 see exactly what their process is.

5 MR. DECKER:

6 Susan, please.

7 MS. HENSEL:

8 Thank you, Chairman Decker, members of
9 the board. I have a number of items to bring before
10 you today. First, we have several manufacture
11 licenses that are up for renewal. These licenses were
12 originally awarded in February 2006. Each of the
13 licensees filed renewal applications, which allows the
14 new licenses to stay in effect for an additional six
15 months.

16 With respect to each renewal applicant,
17 the Bureau of Investigation and Enforcement has
18 completed its investigation, and the Bureau of
19 Licensing has provided me with a renewal suitability
20 report.

21 In each case notices were identified by
22 either the Bureau of Investigation or Enforcement or
23 Licensing that would preclude licensure.

24 The renewal applicants are Aristocrat
25 Technologies Australia Pty. Limited, Aristocrat

1 Technologies, Inc., IGT, NRT, Western Money System,
2 and WMS Gaming, Inc. I've provided you with draft
3 orders prior to this meeting and ask that the Board
4 consider each of these orders individually.

5 MR. DECKER:

6 Okay. Thank you. Do we have a motion
7 for that then, for each one, or collectively?

8 MS. HENSEL:

9 For each individually.

10 MR. DECKER:

11 Can I have a motion to that effect,
12 please?

13 MR. SOJKA:

14 Mr. Chairman, I move that the Board adopt
15 the order approving the manufacturer license renewal
16 for Aristocrat Technologies Australia Pty. Limited.

17 MR. DECKER:

18 Thank you. Is there a second?

19 MR. COY:

20 Second.

21 MR. DECKER:

22 All in favor.

23 AYES RESPOND

24 MR. DECKER:

25 Any opposed?

1 NO RESPONSE

2 MR. DECKER:

3 The motion carries.

4 MR. MCCABE:

5 Mr. Chairman, I move for the Board adopt
6 an Order approving the manufacturer license renewal of
7 Aristocrat Technologies, Inc.

8 MR. DECKER:

9 Thank you. Second? Is there a second?

10 MR. SOJKA:

11 Second.

12 MR. DECKER:

13 All those in favor?

14 AYES RESPOND

15 MR. DECKER:

16 Any opposed?

17 NO RESPONSE

18 MR. DECKER:

19 The motion carries. Okay. Next.

20 MS. COLINS:

21 I'll move that the Board adopt the order
22 approving the manufacturer license renewal of IGT.

23 MR. DECKER:

24 Is there a second?

25 MR. COY:

1 Second.

2 MR. DECKER:

3 Thank you. Any questions. All those in
4 favor?

5 AYES RESPOND

6 MR. COY:

7 Mr. Chairman, I move to approve the Board
8 order of renewal of the manufacturer license of NRT
9 Technology Corp.

10 MR. DECKER:

11 Thank you. Is there a second?

12 MR. MCCABE:

13 Second.

14 MR. DECKER:

15 Any questions? All those in favor?

16 AYES RESPOND

17 MR. DECKER:

18 Any opposed?

19 NO RESPONSE

20 MR. DECKER:

21 The motion carries.

22 MR. MCCABE:

23 Mr. Chairman, I move that the Board adopt
24 the order approving the manufacturer license renewal
25 for Western Money System.

1 MR. DECKER:

2 Thank you. Second?

3 MR. COY:

4 Second.

5 MR. DECKER:

6 Any questions? All those in favor?

7 AYES RESPOND

8 MR. DECKER:

9 Any opposed?

10 NO RESPONSE

11 MR. DECKER:

12 The motion carries. Next up.

13 MR. RIVERS:

14 Mr. Chairman, I move that the Board
15 approve the order of renewing the manufacturer license
16 of WMS Gaming, Incorporated.

17 MR. DECKER:

18 Is there a second, please?

19 MR. MCCABE:

20 Second.

21 MR. DECKER:

22 Thank you. All those in favor?

23 AYES RESPOND

24 MR. DECKER:

25 Any opposed?

1 NO RESPONSE

2 MR. DECKER:

3 The motion carries.

4 MR. SOJKA:

5 Mr. Chairman, I move that the Board adopt
6 the order accepting the licensing regarding the
7 issuance of key employee licenses.

8 MR. DECKER:

9 Thank you. Is there a second?

10 MR. COY:

11 Second.

12 MR. DECKER:

13 Thank you. All those in favor?

14 AYES RESPOND

15 MR. DECKER:

16 Any opposed?

17 NO RESPONSE

18 MR. DECKER:

19 The motion carries.

20 MR. COY:

21 Mr. Chairman, I move to approve the board
22 order regarding the issuance of temporary key employee
23 license.

24 MR. DECKER:

25 Thank you. All right. Second?

1 MR. RIVERS:

2 Second.

3 MR. DECKER:

4 Thank you. All those in favor.

5 AYES RESPOND

6 MR. DECKER:

7 Any opposed?

8 NO RESPONSE

9 MR. DECKER:

10 The motion carries.

11 MS. HENSEL:

12 In addition, the Bureau of Licensing has
13 provided you with an order and a list of 81
14 individuals who the Bureau had granted an occupation
15 permit to and 102 individuals, who the Bureau has
16 granted registrations to, under the authority
17 delegated to the Director of Licensing. I ask the
18 board adopt a motion approving that order.

19 MR. DECKER:

20 Thank you.

21 MR. COY:

22 Mr. Chair, I move that the Board adopt
23 the order --- approving?

24 MS. HENSEL:

25 Approving occupation permits and

1 non-gaming registrations.

2 MR. COY:

3 So moved.

4 MR. MCCABE:

5 Second.

6 MR. DECKER:

7 Any questions or comments? All those in
8 favor?

9 AYES RESPOND

10 MR. DECKER:

11 Any opposed?

12 NO RESPONSE

13 MR. DECKER:

14 The motion carries.

15 MS. HENSEL:

16 The next one is concerning the
17 recommendation of denial of 12 gaming and 18 non-
18 gaming employee licenses. Prior to this meeting, the
19 Bureau of Licensing provided you with orders with
20 regard to individual gaming and non-gaming applicants
21 the Bureau of Investigations and Enforcement has
22 recommended for denial. I ask the Board consider the
23 order.

24 MR. DECKER:

25 Thank you. May I have a motion to that

1 effect?

2 MR. RIVERS:

3 Yes. Mr. Chairman, I move that the Board
4 adopt the order denying the gaming and non-gaming
5 employee permit and registration, as described by the
6 Director of Licensing.

7 MR. DECKER:

8 Thank you. Is there a second?

9 MS. COLINS:

10 Second.

11 MR. DECKER:

12 Thank you. All those in favor?

13 AYES RESPOND

14 MR. DECKER:

15 Any opposed?

16 NO RESPONSE

17 MR. DECKER:

18 The motion carries.

19 MS. HENSEL:

20 I only have two more regarding vendors.

21 First, the proposed orders certified the following
22 vendors regarding vendors, Cascade Promotion Corp.,
23 Edmunds Direct Mail, Inc., Hobbs and Company, Inc.,
24 and DSR Industry, Inc.

25 I have consulted with the Chief

1 Enforcement Counsel, and BIE has no objections to the
2 certification of these companies. I ask that the
3 Board adopt the motion approving this order.

4 MR. DECKER:

5 Thank you. Can I have a motion to that
6 effect?

7 MR. SOJKA:

8 Yes, Mr. Chairman. I move that the Board
9 adopt the order and the attached list regarding the
10 approval of applications for vendor certification.

11 MR. COY:

12 Second.

13 MR. DECKER:

14 Thank you. All in favor?

15 AYES RESPOND

16 MR. DECKER:

17 Any opposed?

18 NO RESPONSE

19 MR. DECKER:

20 The motion carries.

21 MS. HENSEL:

22 The final licensing matter is the
23 registered vendor applicants. Prior to this meeting,
24 the Bureau of Licensing provided each of you with an
25 order and an attached list of 41 registered vendors.

1 I consulted with the Chief Enforcement
2 Counsel and BIE has no objection to registering these
3 companies, and that the Board adopt a motion approving
4 that order.

5 MR. DECKER:

6 Thank you. May I have a motion to that
7 effect?

8 MR. ANGELI:

9 Mr. Chairman, I move that the Board adopt
10 the order and the attached list regarding the approval
11 of applications for vendor registration.

12 MR. DECKER:

13 Is there a second?

14 MR. RIVERS:

15 Second.

16 MR. DECKER:

17 Thank you. Any comments? All those in
18 favor?

19 AYES RESPOND

20 MR. DECKER:

21 Any opposed?

22 NO RESPONSE

23 MR. DECKER:

24 The motion carries. Thank you, Susan.

25 MS. HENSEL:

1 Thank you. And Mr. Chairman, that does
2 conclude my presentation, but I would also like to
3 thank you for your leadership on behalf of myself and
4 the Bureau of Licensing. Your drive, determination
5 and passion have been a great experience to be a part
6 of over the last few years. Thank you.

7 MR. DECKER:

8 Thank you. That's what you all said last
9 night, too. All right. I think that wraps up the
10 formal portion of things we have to do today. And I
11 had a couple things to ---.

12 MS. COLINS:

13 We have new business.

14 MR. DECKER:

15 We have new business. I'm sorry. I'm
16 moving quickly here.

17 MS. COLINS:

18 I'll proceed with that. What I would
19 like to do is ask our secretary, Paul Resch, to read a
20 resolution, which I asked him to prepare. And upon
21 reading the resolution, I'll invite the Board to
22 consider it and to adopt it. So Paul, could you read
23 it?

24 MR. RESCH:

25 Thank you, Commissioner Colins. This is

1 resolution 2007-11, and it reads as follows. Whereas
2 Thomas A., Tad, Decker was appointed by Governor
3 Edward G. Rendell on October 14th, 2004 as the first
4 chairman of the Pennsylvania Gaming Control Board.
5 And whereas Chairman Decker was sworn in and presided
6 over the Board's first meeting on December 14th, 2004,
7 and whereas under Chairman Decker's leadership, the
8 Board established, from the ground up, the first state
9 agency in more than 30 years, created a comprehensive
10 body of regulations to ensure the integrity of gaming,
11 and investigated thousands of individuals for
12 licensure.

13 And whereas after a licensing process
14 that included 18 days of public input hearings across
15 the state as well as suitability hearings in
16 Harrisburg, the Board voted on September 27th, 2006 to
17 award its first condition Category 1 operator
18 licenses. And whereas on November 14, 2006, less than
19 two years after the Board held its first meeting,
20 Pennsylvania's first licensed gaming facility, Mohegan
21 Sun, opened to the general public.

22 And whereas under Chairman Decker's
23 leadership, the Board voted on December 20th, 2006 to
24 award 11 permanent Category 1 and Category 2 operator
25 licenses. And whereas five of those 11 licensed

1 gaming facilities are now operating and are providing
2 employment for thousands for Pennsylvanians.

3 And whereas just over eight months, \$6.3
4 billion has been wagered at Pennsylvania gaming
5 facilities, generating over \$750 million in tax
6 revenue to the Commonwealth. And whereas property tax
7 and wage relief are no longer wishes, but will soon
8 become reality, as \$1 million a day is deposited into
9 the property tax relief fund. And whereas the
10 Pennsylvania horse racing industry is showing new life
11 thanks to an injection of new dollars, an amount that
12 already exceeds \$57 million.

13 And whereas the first chairman of
14 Pennsylvania Gaming Control Board, Chairman Decker,
15 led the effort to turn mere words on paper into a new
16 multi-billion dollar industry for the Commonwealth.

17 The end result of the Pennsylvania Gaming
18 Control Board finally recognizes Chairman Decker an
19 exemplary record of service and leadership, and wishes
20 him the very best in all of his future endeavors,
21 signed the board members.

22 MR. DECKER:

23 Thank you.

24 MS. COLINS:

25 And at this point I would like to move

1 that the Board adopt resolution PGCB 2007-11-EST.

2 MR. DECKER:

3 And I'm happy to second it. At the same
4 time, while we're doing this, I want to present Mary
5 with the gavel that I only received today for the
6 first time. So Mary, this is all yours now.
7 Congratulations.

8 MS. COLINS:

9 Thank you.

10 MR. DECKER:

11 I had a couple brief things, and I'm
12 going to be very brief about it. You know, I wanted
13 to talk to you about our licensing process a bit. And
14 we've covered this ad nauseum. I think I'm going to
15 stick to it.

16 We held hearings all around the state.
17 We did as much as we could to gather all the
18 information we possibly could from each and every
19 applicant. We investigated the heck out of each one
20 of them. We did absolutely the best job we could.
21 And we believe that we made the right decisions. We
22 did not --- there wasn't one issue, particularly in
23 the public input hearing, that you didn't know about
24 before we voted on. There's nothing new that's come
25 up in that context that we voted on.

1 In Philadelphia --- and we, obviously,
2 had one in Pittsburgh, and we had two at large, one
3 very controversial it turns out, and we had five in
4 Philadelphia. I want to remind people, we had ---
5 four of those were on the river. So it's pretty
6 obvious anyone can count that you were going to get
7 one.

8 Our obligation as board members was to
9 pick the applicants that offered the most economic
10 advantages to the citizens of the Commonwealth of
11 Pennsylvania. We have a fiduciary duty under the Act
12 to complete our mission. We have not --- I repeat
13 again, we would not have the option of denying all
14 viable applicants a license. And all of the
15 applicants we had met the suitability requirements
16 spelled out in the statute.

17 The Act required the Board to take action
18 on all of the applicants at the same hearing.
19 However, each applicant was voted on separately. The
20 Philadelphia applicants, I recused as to Sugarhouse
21 and Chip Marshall recused as to Trump Street. That
22 means, to make it clear, that we did not participate.
23 Again, we did not participate in the deliberations,
24 nor in the individual votes on those applicants. This
25 is the same process utilized by judges when they have

1 a potential conflict of interest.

2 Also, I want to point out that we've
3 retained Professor Hazard, a renowned ethics scholar
4 to review and approve our code of conduct and recusal
5 policy before it was implemented. And the Supreme
6 Court validated this process when it upheld the
7 Board's licensing decisions.

8 The Board, after recusals, subsequently
9 voted 6-0 for Sugarhouse and 6-0 against Trump Street.
10 A latter decision, I believe, has been vindicated
11 through various news articles, et cetera, that has
12 arisen since that time.

13 In the end, we were left with three
14 applicants for one position, all of them were on the
15 river. Every single one of the three. So that left
16 us with limited choices, and I think if you look at
17 our adjudications, we had a choice of putting, again,
18 having two of them in the north part of Delaware,
19 creating an absolute mess, or having one in the north
20 and one in the south. And for this reason, we chose
21 Foxwoods in the south. A decision in which they
22 believe was absolutely correct.

23 When I took this job, I knew I and my
24 fellow board members were going to receive --- we were
25 going to take some actions that weren't going to be

1 popular, and we were going to get lots of criticism.
2 But it was our duty, and mine in particular, it takes
3 some of these actions to protect the agency and to
4 accomplish our goals.

5 I knew criticism would go with the
6 territory, but I didn't realize that I could make it
7 an art form, which apparently I don't.

8 Today is a --- I will say a --- as you
9 all know, I mentioned in my announcement, it is a very
10 bitter sweet day for me. On the one hand I'm
11 returning to a career I love, management and law, and
12 as a Philadelphia lawyer working day-in and day-out in
13 the city that I love, I'm looking forward to that.

14 But I must admit, I'm having a really
15 tough time moving from this rather brief career as
16 chair of the Gaming Board for many reasons. And my
17 departure has nothing to do with criticism I
18 referenced prior to that time.

19 Although, I would like to have been here
20 for the licensing of the final three, I don't really
21 feel that I left any significant business unfinished
22 during my tenure. I will admit that I'm going to miss
23 certain things, Union Press Corps, who followed us
24 regularly. I'm going to miss bantering with them, and
25 I certainly hope that the information we provided to

1 you has been sufficient, and I presume, also, I was
2 too often quotable.

3 But I'm really going to miss the people,
4 the dedicated and talented people who are really
5 responsible for taking, as some of you said, this
6 pieces of paper or pieces of clay and turning it into,
7 very swiftly, a work of art. That is employing
8 thousands of Pennsylvanians generating a level of tax
9 revenue that exceeds all expectations.

10 Five of the 11 casinos that we licensed
11 are up and running. All the licensees only got their
12 licenses, as I mentioned before, after a very in depth
13 processing investigation hearings. I think we also
14 said somebody mentioned \$6.3 billion has been wagered.
15 Over \$750 million has been generated as tax dollars.
16 Thousands of new jobs have been created, property and
17 wage tax relief is no longer a wish. It will soon
18 become a reality. A million dollars a day being
19 dropped into the property fund. Pennsylvania's horse
20 racing industry is showing new life, thanks to an
21 injection of dollars.

22 And the fact --- and I'm quite proud of
23 this, the fact that our staff moved so quickly and did
24 this within two years versus three years or more,
25 provided at a minimum \$1.6 billion value for the

1 citizens of Pennsylvania. It's quite an achievement.

2 None of this happens without a lot of
3 hard work, and I have a lot of thank you that I want
4 to give. Let me start with some people who I worked
5 with outside of the agency.

6 I personally thank the Governor for his
7 confidence in appointing me, and members of his staff.
8 John Estey, Greg Fajt, who was a tremendous help to us
9 when he was at the Department of Revenue. Steve
10 Crawford, Amy Shriver, Kathy Smith, and former members
11 of his staff, Chuck Neuhaus and Adrian King, they were
12 absolutely crucial in getting this up and running.

13 I also want to note the Legislature and
14 the Senate, Senator Knoll, Scarnati, were very, very
15 supportive all along the way. In the House, I can't
16 tell you how much I appreciate the support of Bill
17 DeWeese, Keith McCall, Dwight Evans, Sam Smith, Mario
18 Civera, and Bob Godshall.

19 Of course, I will also note that as we
20 said, staff people for who these individuals are
21 crucial.

22 And let me start with George Bedwick, who
23 has been just fantastic for us and continues to be
24 fantastic for us. Steve Tuckey, Counsel of the House
25 Republican Caucus and their chief of staff member,

1 have also been great.

2 Chris Pallago (phonetic) of Senator
3 Fumo's office, also along with Allison Pinto and Chris
4 has been, along with, obviously George and Audrey,
5 just terrific for us. Mark Macalow (phonetic), I'm
6 not sure, I think I mentioned your name Mark. Mark
7 has been an outstanding supporter of us, and a great
8 help. Steve, you've been very helpful. And I would
9 say, Kathy, you were extremely helpful on your first
10 getting up and running with respect to helping us with
11 regulations.

12 I don't know if Captain Moore is in here,
13 I presume he's not, but Captain Moore of the State
14 Police has also been a real helpful person for us, as
15 we took the casinos from merely a licensing situation
16 to reality.

17 And let me cover our own staff next.
18 Remarkable people. I've said this over and over
19 again. I want to specifically mention a number of
20 persons who were key to us every day. A complete
21 list, and I hope I don't offend anybody if I miss
22 them. Obviously, our executive director, Anne Neeb,
23 Chief Counsel, Frank Donaghue, Susan Hensel, the
24 Director of Bureau of Licensing. Dave Kwait, Director
25 of Bureau of Investigations and Enforcement, Mike

1 Walsh, director of administration. Who put that in
2 there?

3 Doug Harbach, was our director of
4 communications, Paul Resch, our secretary, is taking a
5 new assignment, Dan Standbaugh (phonetic), Jeff
6 Miller, they've all been tremendous. And me,
7 personally, Rosanne Sherman and Gerald Manning in our
8 Philadelphia office have been remarkable to me.

9 As I had mentioned, some people who in
10 the organization that played key parts in that first
11 couple of years. Michael Schwoyer, who was the first
12 Chief Enforcement Counsel. Richard Liebsman
13 (phonetic) director of gaming, and the late Lynn
14 Stelle, who was our first financial officer, and I
15 want to mention Nick Hayes was tremendously helpful
16 when I first started. I don't know if I mentioned,
17 Daniel, was also a tremendous help. If I missed that,
18 I'm sorry. Richard, I'm not going to forget what
19 you've done, turning our theory into reality in terms
20 of these regulations.

21 Last but not least, around on this board
22 are some of the best public service I think the
23 Commonwealth has ever seen. I does tremendous ---.

24 Today's members, Mary Colins, Sandy
25 Rivers, Ken McCabe, Jeff Coy, your professionalism and

1 cordiality and friendship is much appreciated.
2 Another current member who joined us some time ago,
3 Ray Angeli, who's instrumental in guiding us to make
4 the right decisions in and a number of items since
5 then.

6 I also want to add in that group, I won't
7 forget former member Chip Marshall, who had left the
8 board in December, after we made our decision. And
9 Bill Conway, who --- both of them had significant
10 roles --- significant and central roles in assisting
11 the Board, in making the decision. And our newest
12 member, Gary Sojka, whose background in intelligence
13 you've obviously picked up in the last few months ---
14 quickly in this group and continues an impeccable
15 streak of solid performance from a legislature. And I
16 would like to congratulate Sam for that.

17 I also want to commend the Governor,
18 again, for his appointment of Jim Ginzia (phonetic),
19 the newest member of our Board, and I presume that's
20 going to happen shortly. And I have known Jim for
21 many years, and he'll be a tremendous asset also.

22 Together, this board is continuing to put
23 aside its differences and important philosophies. And
24 they're unique Pennsylvania groups and various
25 backgrounds has worked great, and the frugality is

1 beyond belief, particularly if you look at the fact
2 that we have a super majority, a qualified majority
3 vote as a reaction.

4 The decisions were based not on what was
5 best for them, but what was best for the communities,
6 in all of Pennsylvania. In reaching those decisions,
7 the Board pays the utmost attention to detail and the
8 Board reflects it well. And while my resignation as
9 the Chairman of this Board, I found that we were
10 definitely partners, and I'm very proud of my
11 association with each and every one of you. And I
12 know I can count on them for the friendship and
13 loyalty in the future.

14 With that said, I would --- one question
15 --- and one thing that made us very successful, that I
16 want to mention, and that is the fact that you were
17 very independent from third parties. And I think
18 that's crucial in the future for that independence to
19 stay in effect if --- if this group is going remain a
20 very, very good regulatory body.

21 That's all I have to say. I want to
22 thank everybody again. And it was a great pleasure.

23 MS. COLINS:

24 Chairman, I would like to recognize
25 executive director Anne Neeb.

1 MS. NEEB:

2 Thank you, soon to be Chairman Colins. I
3 would be remiss if I didn't take the opportunity to
4 say very few remarks. If I had to chose three words
5 that would describe the past tenure as chairman, I
6 would have say determined, dedicated and above all
7 applicable.

8 Tad's determination and credible work
9 ethic and leadership permeated throughout the
10 organization. He set lots of goals for our staff, and
11 our staff determined to meet those goals, because of
12 our great respect for him.

13 During the few years I've known Tad
14 Decker, what has impressed me is his unwavering
15 commitment to operating in the most applicable manner
16 possible. Tad has been determined to prevent any
17 outside press from influencing this board's
18 investigation and licensing process.

19 In my 12 years as a gaming regulator,
20 I've never met anyone who was more focused on the
21 integrity and thoroughness of the process in
22 conducting investigative licensing procedures, which
23 are above and beyond reproach.

24 MR. DECKER:

25 Thank you.

1 MS. NEEB:

2 On behalf of the staff and myself, I
3 would like to present to you, this plaque, which I
4 think the title was written by one of our staff.
5 Leadership and capacity to translate this into
6 reality. We would like to present it to you.

7 MR. DECKER:

8 Thank you. I think I have one last item,
9 and that is to talk about the next meeting, but I've
10 lost ---. One item, and that is to talk about the
11 next meeting, which will be held --- the hearing
12 related to --- it's going to be at the new office
13 building here in Harrisburg. September --- the next
14 public meeting, I'm sorry. This one will be September
15 12th --- I thought it was the 6th. Am I wrong? I'm
16 sorry, there is a board meeting, next public board
17 meeting will be on the 12th in Drexel University.

18 I have the wrong information. Sorry
19 about that. Our next public board meeting will be in
20 Philadelphia at Temple University at ten o'clock on
21 September 12th, 2003 (sic). The Board will have an
22 evidentiary hearing for, I believe, Foxwoods and
23 Sugarhouse, if I'm correct, on September 6th at North
24 Office Building. I don't think a time has been set
25 for that yet. All right. Take a look at the website,

1 and I'm sure that Paul Resch will coming in.

2 Since there's no further business, may I
3 have a motion to adjourn?

4 MR. RIVERS:

5 So moved.

6 MR. DECKER:

7 Thank you. Any objections? We're
8 adjourned. Thank you.

9

10 * * * * *

11 HEARING CONCLUDED AT 2:35 P.M.

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