

COMMONWEALTH OF PENNSYLVANIA

GAMING CONTROL BOARD

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PUBLIC HEARING

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IN RE: DOWNS RACING, LP

PETITION FOR APPROVAL OF CHANGES TO GAMING FLOOR

\* \* \* \* \*

BEFORE: GREGORY C. FAJT, CHAIRMAN

James B. Ginty, Raymond S. Angeli

(via phone), Jeffrey W. Coy,

Kenneth T. McCabe, Gary A. Sojka,

Kenneth I. Trujillo (via phone); Members

Robert M. McCord, State Treasurer

Robert Coyne, representing Acting Secretary

of the Department of Revenue, Daniel

Meuser; Daniel Tufano, representing Acting

Secretary of Agriculture, George Greig

HEARING: Thursday, February 10, 2011

9:30 a.m.

LOCATION: North Office Building

401 North Street

Harrisburg, PA 17120

Reporter: Cynthia Piro-Simpson

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E X H I B I T S

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1	Financial Investigation Report (Confidential)	27	--*

\* Exhibit not attached

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

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CHAIRMAN:

Good morning, everyone. I'm Greg Fajt, Chairman of the Pennsylvania Gaming Control Board. I'd like to ask everyone to please turn off your cell phones and PDAs, as they tend to interfere with the microphone system. Thank you.

Joining us today is State Treasurer Rob McCord; Bob Coyne, representing Acting Secretary for the Department of Revenue, Dan Meuser; and Dan Tufano, representing Acting Secretary of Agriculture, George Greig. Thank you all for being here today.

As a quorum of the members being present, I'll call today's meeting to order. As the first order of business, please join me in the Pledge of Allegiance.

PLEDGE OF ALLEGIANCE RECITED

CHAIRMAN:

I would note that we have two Commissioners joining us via phone today, and that is Commissioner Angeli and Commissioner Trujillo. Are you guys on the phone?

MR. ANGELI:

Yes, I'm here.

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MR. TRUJILLO:

Yes, we're here.

CHAIRMAN:

Okay. Thank you very much. We have one item before the Board today by way of a public hearing, which will take place prior to our public meeting. The public hearing pertains to Downs Racing's Petition for Approval of Changes to its Gaming Floor. And prior to your presentation, gentlemen, could you make sure that all witnesses presenting evidence who are not lawyers please stand and be sworn in?

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WITNESSES SWORN EN MASSE  
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CHAIRMAN:

And I would ask that all persons, including Counsel, please state and spell your name before beginning. And with that, Downs Racing may begin.

ATTORNEY KOHLER:

Good morning, Chairman Fajt. Good morning, Commissioners, also special --- also to Commissioner McCall, or soon to be Commissioner McCall. I'm Alan Kohler, K-O-H-L-E-R, with Eckert

1 Seamans, representing Downs Racing. I have with me  
2 this morning two representatives from Mohegan Sun,  
3 Bobby Soper, who is president and general manager of  
4 the facility; Mike Bean, who's assistant general  
5 manager of the facility; and also Cal Lobaugh  
6 (phonetic), who's vice-president of administration in  
7 case something comes up within his specific area of  
8 expertise.

9                   We're here this morning to present to you  
10 a petition requesting your approval of certain changes  
11 to the gaming floor. We refer to the petition as  
12 OP-7. And it does involve removal of certain low GTR  
13 slot machines from the facility. We thought it best  
14 that we give you a PowerPoint presentation. I'm going  
15 to turn that over to Bobby Soper to present that to  
16 you.

17                   MR. SOPER:

18                   Thanks, Alan. Bobby Soper, S-O-P-E-R,  
19 President of Mohegan Sun at Pocono Downs. Thanks,  
20 Alan, Commissioner --- Chairman, Commission. I'm  
21 going to put it in a little bit of context and allow  
22 Mike to take you through the slides. And of course,  
23 we'll answer any questions at any time.

24                   The purpose of our request to reduce the  
25 slot count by 134 units is fairly simple. These units

1 are located in real estate property that's  
2 challenging. It was our hope that there would be  
3 enough demand generated at these units based on where  
4 they're located, you know, to make them profitable.  
5 And I'll give you a quick example. They're in an area  
6 close to a poker room. And hopefully, we'll get some  
7 cross players with poker players and some of the other  
8 amenities. Unfortunately, we've had time, you know,  
9 to analyze the performance of those units, and they're  
10 simply not profitable. Mike will take you through the  
11 numbers on that. But that is the reason we're here  
12 today, to request that reduction. So, with that, I  
13 will now turn it over to Mike.

14 MR. BEAN:

15 Thanks, Bobby. That's Michael Bean,  
16 B-E-A-N. And thank you for the opportunity to present  
17 for you today. The first slide is just kind of a  
18 quick summary of where we are and where we want to be  
19 and perhaps a little bit of an explanation of the  
20 capacity and why we believe that we can make this move  
21 for the benefit of our operation and also without an  
22 adverse impact to the Commonwealth.

23 First, our current number of slot  
24 machines is 2,465. I know it says 66 on the  
25 PowerPoint slide. We simply forgot to reduce it by

1 one. We had a one slot machine reduction very, very  
2 recently as part of the expansion of our VIP room,  
3 which has been previously done. I just wanted to  
4 point that out on the record.

5           So we're proposing to remove 134 slot  
6 machines. And these slot machines, which I will show  
7 later in the PowerPoint, are comprised of 122 slot  
8 machines at our lower-level phase I facility and 11 in  
9 our upper-level phase I facility. And that would  
10 leave us with about --- we had 2,331 remaining units.

11           If you look back at the number of slot  
12 machines that were in use at any --- at a peak  
13 time --- and what we mean by that is at our busiest  
14 time over the --- you know, before the period of  
15 September 10th and November 30th, which is about the  
16 approximate time period of the filing of the petition,  
17 the maximum number of units where we had people in  
18 seats based on our records was 1,328. So, that shows  
19 that there was --- even after reduction of the slots,  
20 234 slot machines remain in capacity at our facility  
21 to the business volumes. Now --- I'm sorry. The  
22 maximum slot machines played at any time were 2,181,  
23 meaning at our busiest time it was 2,181. The average  
24 at our eight volumes was 1,382, meaning we can take  
25 the average of the highest volume on any given day,

1 it's 1,328. But the most that we had at any given  
2 time over the past six months or so was 2,181.

3           Importantly, we believe that revenue  
4 removed from the slot machines will be absorbed by  
5 remaining slot machines. And we'll explain that as we  
6 show the layout of where the slot machines were  
7 located in the relative location of the two sets of  
8 machines.

9           Win per unit of the machines that we're  
10 looking to remove is approximately \$42. You know,  
11 that number changes depending upon the period over  
12 time that we look at, but generally speaking, it's  
13 about \$42, and win per unit of all the other slots is  
14 \$313. And for us that shows clearly that these are  
15 underperforming units.

16           From an internal standpoint, we believe  
17 that maintaining these particular slots is  
18 unprofitable as a result --- as Bobby mentioned as a  
19 result of where the slot machines are located, and  
20 also confirmed by the win per unit numbers that were  
21 seen. So, we believe that, right now, we have an  
22 unprofitable segment of our business, and we would  
23 like to eliminate that unprofitable segment of our  
24 business. In the left-hand column we show what our  
25 current revenue is annualized in that area and what

1 our negative operating income is in that area, and we  
2 show the attendant revenue from food and beverage and  
3 the attendant expenses associated with that. I'll  
4 just run through a few of those because some of those  
5 categories might warrant a little bit more  
6 explanation.

7                   Salaries and wages and benefits that we  
8 would say would be with regard to slot tax, beverage  
9 service, bar back, security, for example, because of  
10 the segment nature of that real estate. We have the  
11 slot tax. And our projection, it will be maintained  
12 as constant because we believe that a nominal revenue  
13 that would be removed from the slot machines would be  
14 enforced elsewhere in the facility. Our gaming  
15 expenses associated with that, which are points and  
16 fees, would remain constant. We have a savings of our  
17 indirect operating expenses, which are things such as  
18 supplies and repair maintenance and utilities  
19 associated with supporting --- with the support of  
20 those areas.

21                   Our other operating expenses, what we  
22 believe we will save is slot repairs, slot parts,  
23 tickets and things of that nature. That will stop.  
24 So, we have some expenses that will continue, some  
25 expenses that will go away, and we believe there will

1 be a net result of a positive operating for about  
2 \$401,000 as opposed to a \$414,000 loss at this point.

3           With regard to the layout --- and this  
4 provides better explanation as to why these slots may  
5 be or are underperforming, the main portion of our  
6 facility is the circular area with the star in the  
7 middle. That's labeled A. There are table games and  
8 slots in this facility. This is our most recent  
9 project, Sunrise Facility, the valet entrance,  
10 entities into that area, as well as our primary west  
11 entrance, which is walking from our South Park area.

12           The slot machines that we are requesting  
13 a change for are in the pink area to the far right,  
14 where it says slot machines and then it says poker,  
15 lower level. It's in that rectangular area. And  
16 that's a two-story area. And we're requesting the  
17 removal of 11 slot machines from the game level and  
18 123 slot machines in the lower level. And so just  
19 from a geographic standpoint, guests travel across the  
20 sky bridge, go down an escalator into our recent  
21 lobby. Turn left into the main area of the phase I  
22 facility, and then take another escalator down to the  
23 lower level. And that lower level is where the vast  
24 majority of the Request for Production Units are  
25 located. So, that real estate is, I believe, the best

1 for us these days.

2                   This is a snapshot of --- why don't we go  
3 over into that rectangle I just discussed. This is a  
4 snapshot of the lower level of phase I, where 123 of  
5 those units are requested to be removed. So, all the  
6 slot machines on the right-hand side of that slide,  
7 except for the bar-top units, which are embedded into  
8 the bar top, and we would want to maintain those, you  
9 know, as an accommodation to the poker area. We  
10 thought there would be a much more cross-play, as  
11 Bobby mentioned, with the poker folks, but there  
12 isn't. But it would still be, you know, a small  
13 number of slot machines there in the event that, you  
14 know, we pick up any revenue from that side.

15                   The next slide is the upper level, where  
16 we are looking for, you know, a few of the lesser  
17 performing slot machines to be removed in that same  
18 general area that we discussed.

19                   Importantly, we have sought and received  
20 approval of this reduction, and we will have  
21 especially approval of the petition in front of the  
22 Board today to reduce the slot machines from the  
23 Harness Racing Commission. And we also received a  
24 recommendation from the PHHA that the reduction of ---  
25 the approval as well with those PowerPoint, and we

1 have the originals for the record, if necessary. And  
2 that concludes the PowerPoint portion of our  
3 presentation. Thank you.

4 CHAIRMAN:

5 Thank you. Office of Enforcement  
6 Counsel, do you have questions?

7 ATTORNEY HIGGINS:

8 I am Katie Higgins, Assistant Enforcement  
9 Counsel. If we can go back to slide four. Mr. Bean,  
10 looking on your expenses, you had testified that  
11 salaries, wages and benefits would decrease from  
12 \$464,169 down to \$186,054. Could you expand on that?

13 MR. BEAN:

14 Yes, I will. And I just want to grab my  
15 notes here. The salaries, wages and benefits includes  
16 the salaries and wages that are currently for slot  
17 textile dependents, beverage servers, bartenders, bar  
18 backs, security, EBS and positions such as that. So,  
19 with that area being virtually --- virtually removing  
20 slot machines, except for those bar tops, most of  
21 those wages would be savings.

22 ATTORNEY HIGGINS:

23 So there will be layoffs?

24 MR. BEAN:

25 No, I don't believe there will be

1 layoffs. We have a lot of part-time team members  
2 these days, and we believe that we'll be able to  
3 continue to remain. There was clearly the fewer hours  
4 worked. However, we have a part-time team who allows  
5 that ability.

6 MR. SOPER:

7 I would like to add on that, too, if I  
8 could, Mike. Generally, what we do here is --- and I  
9 want to put it also in sort of context. This is a  
10 separate room, and so it's not a situation where you  
11 have, for example, bartenders going from one slot bank  
12 that may be in primary to here. So, there is real  
13 labor savings, direct labor savings. However, whether  
14 it's, you know, just a matter of time and attrition.  
15 Most of these areas generally have 30 percent  
16 turnover, you know, the security and beverage server  
17 and some of --- a few frontline positions. Either  
18 through attrition or through reduction of part-time  
19 hours on a temporary basis to get to a point where you  
20 have the correct number of heads, headcount, but  
21 there's no --- there will be no layoffs.

22 ATTORNEY HIGGINS:

23 Going down to indirect operating  
24 expenses, you say that you would --- these expenses  
25 would be eliminated. Can you explain that?

1                   MR. BEAN:

2                   Yes. There are certain expenses that  
3 support the maintenance of that area. For instance,  
4 supplies associated with the gaming for the EBS Team,  
5 supplies associated with --- cashiering operations  
6 would be moved primarily to another area and, you  
7 know, food and beverage. And also there was portions  
8 of the utilities that had slot machines which operates  
9 lower power. There would be savings there as well.

10                   ATTORNEY HIGGINS:

11                   And then under other operating expenses,  
12 you also testified that there would be a significant  
13 decrease there. Could you just explain that?

14                   MR. BEAN:

15                   Yes. We have repair maintenance  
16 associated with maintaining those slot machines, slot  
17 parts and tickets, and as well as perhaps some of the  
18 owned machines that we have down there, which we could  
19 replace these machines in other portions of our  
20 facilities to save on these fees for these machines  
21 while maintaining a ---.

22                   ATTORNEY HIGGINS:

23                   How many slot machines were available for  
24 play at Pocono Downs on October 1st, 2009?

25                   MR. BEAN:

1                   On October --- my understanding is on  
2 October 1st, 2009 there were 2,466.

3                   ATTORNEY HIGGINS:

4                   And if the petition is approved, how many  
5 slots will be available for play?

6                   MR. BEAN:

7                   If this petition is approved, there will  
8 be 2,331 slots available for play.

9                   ATTORNEY HIGGINS:

10                  As you described your layout of the lower  
11 level as it currently is, as I understand it you have  
12 a poker room on one side and slots on the other?

13                  MR. BEAN:

14                  Yes, that's right.

15                  ATTORNEY HIGGINS:

16                  And if this petition is approved, how  
17 would the layout be?

18                  MR. BEAN:

19                  The layout would remain the same, except  
20 for there would be slot machines in that area.

21                  ATTORNEY HIGGINS:

22                  So there would be a large area with  
23 nothing in it?

24                  MR. BEAN:

25                  Correct.

1                   ATTORNEY HIGGINS:

2                   Do you have any plans for that area at  
3 this time?

4                   MR. SOPER:

5                   I'll answer that. We do not have any  
6 definitive plans. What we need to do immediately is  
7 put some furniture down there, which was the setup  
8 before we made any changes. And we don't have any  
9 definitive plans of what we would do. We have capital  
10 allocated down there, so we brought the existing  
11 furniture that we had that was previously down there,  
12 put there. But that's what we do intend on doing.  
13 We have to figure out if you want to spend any capital  
14 what we would do in the future.

15                   ATTORNEY HIGGINS:

16                   Do you have plans to put table games in  
17 that area?

18                   MR. SOPER:

19                   We do not.

20                   ATTORNEY PITRE:

21                   Specifically, you're asking for a  
22 reduction from the October 1st, 2009 number, and you  
23 testified that you're already below that October 1st,  
24 2009 number; is that correct? You're at 2,465 now?

25                   MR. BEAN:

1           Correct. We had a reduction of one that  
2 got approved several weeks ago, I believe.

3           ATTORNEY PITRE:

4           And you're asking for this 131 reduction,  
5 and you have no plans for this area. That's your  
6 testimony today?

7           MR. SOPER:

8           That is correct.

9           ATTORNEY PITRE:

10          And so you wouldn't have a problem if we  
11 go forward today and you wanted to add table games in  
12 the future, that you wouldn't add table games to this  
13 area?

14          MR. SOPER:

15          It's certainly not our preference to  
16 minimize the flexibility. We're not sure what the  
17 future is going to hold and what makes sense down  
18 there. You know, that --- our preference is to have  
19 all the options available for the future.

20          ATTORNEY PITRE:

21          Well, let's get straight to the point.  
22 Basically you're not going to come before the Board  
23 and ask them six months down the line, when you think  
24 everybody has forgotten about this, that table games  
25 here after you reduced the slot machine count?

1                   MR. SOPER:

2                   Well, I don't think in six months we can  
3 forget about it. But we don't have any vision, you  
4 know, coming back here in six months and asking for  
5 table games to be approved for that area.

6                   ATTORNEY PITRE:

7                   Would you be willing to add those 130  
8 slot machines when you come back and ask for table  
9 games?

10                  ATTORNEY SOPER:

11                  We would certainly consider it.

12                  ATTORNEY PITRE:

13                  So there will be --- if we can go to the  
14 slide showing the lower level, phase I. You're asking  
15 for all the slot machines to be removed in this area,  
16 except for those adjacent or sitting at the bar top;  
17 is that correct?

18                  MR. SOPER:

19                  That is correct.

20                  ATTORNEY PITRE:

21                  And you're going to put --- your  
22 testimony today is that you're going to put furniture  
23 in that area?

24                  MR. SOPER:

25                  We're probably going to put some

1 furniture in immediately, whatever furniture we have.  
2 But we don't have any specific purpose. I guess it  
3 would be a waiting period right now or just an area of  
4 lounge.

5 ATTORNEY PITRE:

6 Is there any access directly to the  
7 outside, the racing area of that location?

8 MR. SOPER:

9 Yeah. There is --- there actually is an  
10 access. Right now it's not public access. And it's a  
11 good question because one of the things that we, in a  
12 very high level, have considered is utilizing the  
13 space that we done in the space as either pre-luncheon  
14 space or event space and tie it to our --- some of our  
15 racing functions, because we really don't have any  
16 space right now. So, one of the thoughts was to  
17 actually create more public access between the apron  
18 and that room.

19 ATTORNEY PITRE:

20 Okay. And you can't currently do that  
21 now because of the slot machines in the area?

22 MR. SOBER:

23 Yes. There's a wall there that doesn't  
24 permit public access, correct.

25 ATTORNEY PITRE:

1                   Where will --- will you continue to have  
2 security posted in that area?

3                   ATTORNEY SOPER:

4                   We will have security in accordance with  
5 our minimum standards simply because we do have  
6 gaming. I'm not exactly sure where the posting is and  
7 so forth are because there is a poker room down there.  
8 You know, we're not requesting, nor would we change  
9 what our minimum staffing departments are for  
10 security.

11                   ATTORNEY PITRE:

12                   And upper level, phase I, can we go to  
13 that slide? I think you want to remove 11 from this  
14 area?

15                   MR. SOPER:

16                   Correct.

17                   ATTORNEY PITRE:

18                   Okay. Where are those 11 located? Are  
19 they in various spots?

20                   MR. BEAN:

21                   Yeah, they're in various spots. I don't  
22 have them highlighted, nor could I point them out  
23 specifically.

24                   ATTORNEY PITRE:

25                   So there are specifically low-performing

1 slot machines on that level?

2 MR. BEAN:

3 Based on my understanding from our VP of  
4 slots, we have specific slots that are low performing.

5 MR. SOPER:

6 And they are included in that win per  
7 unit number of \$42.

8 ATTORNEY PITRE:

9 On lower level, phase I, are you seeking  
10 to reduce the size of your gaming floor or will that  
11 reduce the size of your square footage for the gaming  
12 floor?

13 MR. SOPER:

14 That's a good question. You know,  
15 obviously, this particular petition doesn't do that if  
16 it's not going to be used for gaming, so you know,  
17 perhaps it's something we'll look at doing.

18 ATTORNEY KOHLER:

19 But our thought was that even the bar-top  
20 slots are --- remain in that area. So, it is still a  
21 gaming area. We didn't actually propose to reduce the  
22 size of the floor, but if the Board feels that's the  
23 natural result of the relief ---.

24 ATTORNEY PITRE:

25 Well, I'm not asking --- I'm not seeking

1 relief for the Board, believe me. What I'm asking is  
2 if you're not going to reduce the size of the gaming  
3 floor, then I assume that you're not going to allow  
4 access to anyone 18, 19 or 20 years old in that area?

5 MR. SOPER:

6 Correct.

7 ATTORNEY KOHLER:

8 Correct.

9 MR. SOPER:

10 They will not be allowed in there.

11 ATTORNEY PITRE:

12 With regard to the employee hours that  
13 are going to be --- are you going to switch full time  
14 to part time or are you just going to further reduce  
15 the --- move those part-time employees to another area  
16 and reduce other full-time employees to part time in  
17 other areas?

18 MR. BEAN:

19 Oftentimes, with the flexibility of part  
20 time, along with natural attrition, we can move into a  
21 savings of total hours worked and any payment to our  
22 employees.

23 ATTORNEY PITRE:

24 These machines that are located in these  
25 areas, specifically the lower-level, phase I, are

1 there other machines, similar slot machines, in the  
2 other parts of the casino?

3 MR. SOPER:

4 Yeah. Many of these are either video  
5 poker or traditional separate reels, which actually  
6 require even more maintenance because of the age of  
7 these machines. So, part of it is --- the real estate  
8 part of it is some of these machines are a little  
9 outdated. You know, most of them are owned --- all  
10 actually now are all owned. Some of them we have  
11 existing in the property in our main casino. Some we  
12 do not. But ---.

13 ATTORNEY PITRE:

14 So basically these slot machines were a  
15 bad investment?

16 MR. SOPER:

17 Well, they just --- I mean, they've been  
18 around for four years, which is the typical shelf life  
19 as well for the machines. They were all part of our  
20 original purchase in 2006.

21 ATTORNEY PITRE:

22 And have these slot machines --- were  
23 they always in this area, these specific slot  
24 machines?

25 MR. SOPER:

1           No. They've been moved around to  
2 different places.

3           ATTORNEY PITRE:

4           So they all ended up in the same area by  
5 chance?

6           MR. SOPER:

7           No. There are machines just like these  
8 purchased at the same time in other areas as well.

9           ATTORNEY PITRE:

10          Those 11 on the lower --- on the upper  
11 level of phase I, are they similar machines to those  
12 that are on the lower level of phase I that you want  
13 to remove?

14          MR. SOPER:

15          I'm not exactly sure. I want to give you  
16 an accurate answer, so I'm not exactly sure. The only  
17 thing I know for certain is they're the lowest  
18 performing units up there. I suspect they're probably  
19 similar.

20          ATTORNEY PITRE:

21          Okay. I have no further questions at  
22 this time.

23          CHAIRMAN:

24          Thank you. Does OEC have a presentation?

25          ATTORNEY HIGGINS:

1                   No, we do not have a presentation, but  
2 I'd just like to note that attached to our Answer to  
3 this petition at Exhibit One is the financial  
4 investigation report that's been marked as  
5 confidential. And we would also ask that, should the  
6 Board grant this petition, that it be subject to the  
7 conditions set forth in our Answer.

8                   (Exhibit One marked for identification.)

9                   CHAIRMAN:

10                   Questions from the Board? Commissioner  
11 Ginty?

12                   MR. GINTY:

13                   I'm just trying to understand some of the  
14 numbers here. Apparently you have 2,466 machines.  
15 Average utilization at peak times is 1,328?

16                   MR. SOPER:

17                   Yes.

18                   MR. GINTY:

19                   That's a utilization factor of a little  
20 over 50 percent.

21                   MR. SOPER:

22                   Yes.

23                   MR. GINTY:

24                   Is that a concern?

25                   MR. SOPER:

1           It's not that much of a concern. I mean,  
2 there's a couple things. One is you obviously want to  
3 plan for maximum capacity. So, over that period of  
4 time, which is three months, ---

5           MR. BEAN:

6           It's almost three.

7           MR. SOPER:

8           --- almost three months, you know, we ---  
9 our --- you know, at any given time throughout that  
10 three months, \$2,181 was the amount of units we had  
11 utilized. Peak times, which are Friday, Saturday ---  
12 you know, normal Friday, Saturday we didn't have  
13 anything going on, we didn't have any --- you know,  
14 over a three-month period.

15          MR. BEAN:

16          I want to make sure we're clear. We took  
17 the peak time of each day of the week, so it wasn't  
18 just --- I just want to make sure we're clear for the  
19 record and accurate. So, we averaged the peak time of  
20 Monday, Tuesday, Wednesday, Thursday, Friday,  
21 Saturday, Sunday, and put it all together to come up  
22 with 1,328.

23          MR. GINTY:

24          So what are you suggesting, Saturday or  
25 Friday night you could have ---?

1                   MR. SOPER:

2                   It would be higher.

3                   MR. BEAN:

4                   Monday night would bring that down.

5                   MR. SOPER:

6                   We wanted to show you here as well that  
7 the busiest peak time we had throughout that whole  
8 period, we still only lost 2,181 machines. And that  
9 --- I don't know what day of the week. We probably  
10 had a big event, you know, a big Saturday night or a  
11 big Friday night, and that's still where we're at.  
12 So, there's still room to absorb even more.

13                   ATTORNEY KOHLER:

14                   But I think the point Mike's trying to  
15 make is different facilities define peak time  
16 differently. In our case, we look at peak time even  
17 during the weekdays. You could limit peak time to  
18 weekends, and you'd have a higher average peak time,  
19 if that's your concern. But the point being that at  
20 least at certain times almost all slot machines are  
21 being utilized, albeit never above what the resulting  
22 compliment would be of the ---.

23                   MR. GINTY:

24                   Well, I mean, other cases before us have  
25 expressed an interest in trying to understand. I was

1 beginning to resolve in my own mind an industry  
2 standard around 70 percent utilization. So, when I  
3 saw the 50 percent utilization ---.

4 ATTORNEY KOHLER:

5 I've heard all of that discussion and  
6 think I understand your concern. But I think in  
7 comparing averages during peak time you also have to  
8 be a little bit careful about how peak time is defined  
9 for facilities.

10 MR. GINTY:

11 It's probably not your main area anyway.  
12 I am interested, though, since the introduction of  
13 table games, have your slot revenues --- have you seen  
14 an increase in slot revenue?

15 MR. SOPER:

16 We have. Since we opened in July, you  
17 know, we've increased about one-and-a-half percent in  
18 slots. And you know, we believe if you normalize, you  
19 know, significant weather, I would say even unusual,  
20 difficult weather and compare year over year, it would  
21 be more than that. We figured it would be two to  
22 three percent. And it probably is close to two to  
23 three percent if you take out the weather that we saw  
24 this past winter. In notwithstanding the weather we  
25 had grown one-and-a-half percent and slots are down

1 one-and-a-half percent.

2 MR. GINTY:

3 In those items today we have determined  
4 to use two to three percent?

5 MR. SOPER:

6 Yes. We figure --- I mean, there's a  
7 number of forces here. You know, it's one force to  
8 --- we've always said, and I think other jurisdictions  
9 and studies have shown this, that exactly what you're  
10 referring to, the fact that you're bringing players  
11 that were not coming to play table games now bringing  
12 their partners, their friends. That will play into  
13 --- play slots when you go to Atlantic City.

14 MR. GINTY:

15 I noticed that --- am I reading this  
16 correctly, that you're losing \$42 on average on these  
17 machines? Right? The win per unit ---?

18 MR. BEAN:

19 Our win per unit per day, which is our  
20 net revenue from the slot machine, each day per  
21 machine is \$42 on average for that group of machines.

22 ATTORNEY KOHLER:

23 And the point of slide four, Commissioner  
24 Ginty, is to show that that \$42 per unit, when you  
25 work that into the federal revenue and then compare it

1 to the underlying costs for those particular machines  
2 currently results in a negative operating margin of  
3 about 20 percent.

4 MR. GINTY:

5 And so you're not losing \$42 on a  
6 machine?

7 ATTORNEY KOHLER:

8 They're not losing the entire ---.

9 MR. GINTY:

10 I understand. On the income sheets,  
11 that's specific to this area?

12 MR. SOPER:

13 Yes. Correct.

14 MR. GINTY:

15 Okay. And I think you testified that you  
16 anticipate layoffs of those expenses would be absorbed  
17 in other areas or through attrition?

18 MR. SOPER:

19 That's correct.

20 MR. GINTY:

21 That's all I have, Mr. Chairman.

22 CHAIRMAN:

23 Commissioner Sojka?

24 MR. SOJKA:

25 Again, these numbers are a little

1 difficult. The \$42 per machine, I understand how much  
2 lower that is, but I'm trying to figure out --- I can  
3 think of three possible reasons. One is the real  
4 estate that you talked about. Two is that that real  
5 estate essentially becomes, in effect, a dog pound  
6 that your dog machines end up all sequestered  
7 together. But then there's the overlying complicating  
8 factor of whether or not maybe you have a surplus of  
9 machines in total which complicates it. Can we just  
10 get away from all that by looking at the current slot  
11 revenue, the \$2,054,220? And when you look at your  
12 projection revenue, which is \$2,054,220, and simply  
13 make that the test issue, if we see that number fall  
14 down, then there's something wrong with your entire  
15 model; right? So if that's the case, would you then  
16 be coming back to us and saying, we want to add more  
17 machines?

18 MR. SOPER:

19 The answer is it depends. Clearly, we  
20 believe that based on what happens in the future,  
21 there are a lot of variables that we need to survive  
22 to enforce it. The answer is yes, we will come and  
23 ask for --- to add more machines. There's no doubt we  
24 have an interest in doing that.

25 MR. SOJKA:

1                   Where would you add them? Would you try  
2 to squeeze them onto that upper level or would you go  
3 back into this lower level and maybe try to put a  
4 different kind of machine in?

5                   MR. SOPER:

6                   The answer is probably neither, and  
7 here's why. There's no room in the existing level.  
8 We already believe, because we have enough data, that  
9 even if we need more machines demand, that would have  
10 to jump up a lot to justify us operating in that  
11 level, you know, certainly far more than \$42 per unit.  
12 It's my hope --- and there was reference earlier to  
13 capital, that if our market grows and demand grows,  
14 that we justify allocating more capital. That would  
15 make sense. That's probably --- if we come back and  
16 ask for more machines, probably it will be associated  
17 with the expenditure of additional capital.

18                  MR. SOJKA:

19                  Okay. And then if I may just change  
20 gears one more time and go back to the jobs issue.  
21 These numbers work out, along with your testimony that  
22 you will get the number down by attrition because  
23 these are part-time people. Your full-time people do  
24 receive a benefits package; right?

25                  MR. SOPER:

1           That's correct.

2           MR. SOJKA:

3           Do you see this reduction in payroll  
4 including in it any loss of full benefits packages?

5           MR. SOPER:

6           No. There's no indication here to ---  
7 for lack of a better term, demote a full-time person  
8 to a part-time person. There's no indication here to  
9 lay off anybody, whether they're part time or full  
10 time. So, to answer your question, no.

11          MR. SOJKA:

12          Thank you. That's all I have.

13          CHAIRMAN:

14          Any questions? Go ahead. Is that Ray or  
15 Ken?

16          MR. TRUJILLO:

17          It's Ken Trujillo. I just had more of an  
18 observation than a question, because I guess I'm of  
19 the opinion generally that if there is money to be  
20 made and the machines are able to make a reasonable  
21 amount of money, then Mr. Soper and his colleagues  
22 will do what they can to try to make money. So, I  
23 guess the real concern --- the only real concern that  
24 I've got is this issue of --- the statutory issue that  
25 we've got that it's not --- that it takes an amount of

1 time to put lower taxed table games in. So, I guess  
2 this is more of a question, Mr. Chairman, to the  
3 Board. Couldn't we simply deal with this by just  
4 saying we're not going to entertain the introduction  
5 of any new table games for a year if we approve this  
6 petition? So, that's, I don't know, a bit of a  
7 rhetorical question. I just wanted to enlighten the  
8 Board with my ---.

9 CHAIRMAN:

10 Okay. And certainly that's something we  
11 can take up in Executive Session, Mr. Kohler, if you  
12 would ---.

13 ATTORNEY KOHLER:

14 And I know that wasn't a question to me,  
15 but if I can --- and we're well aware of that main  
16 issue or main concern of the Board today. Maybe I can  
17 put it this way. In BIE's report, which is attached  
18 to the OEC Answer, which I assume they're putting into  
19 the record or hopefully --- they focused on one line,  
20 which was actually in our Supplement One to our  
21 petition, where we basically said we hadn't determined  
22 what the best use of this space was. But we have  
23 determined that our business requires that we --- from  
24 a business interest, that those machines be removed.  
25 And I think everybody's aware of this, but when Mike

1 talks about, you know, the lower level and phase I,  
2 he's talking about the machines that were in the  
3 grandstand, in the former temporary facility. I know  
4 you've all been there, and you're well aware it's some  
5 distance from the main facility and people are only  
6 going to go there if they really want to go there.  
7 So, the bottom line of all of this is, even if --- and  
8 I think we probably generally expect that there may be  
9 a use for that space, whether it be slot machines,  
10 table games, entertainment facility, whatever. But  
11 even if --- by the way, I've been through this with  
12 Mike and Bobby ad nauseam, as you can imagine, but  
13 even if that space remained vacant forever, we would  
14 want those machines removed because they are losing  
15 money on a daily basis. That's where we, you know,  
16 stop --- start and stop today, and that's the point we  
17 want to get across to you. And at the same time we  
18 don't know what the future holds, and we like to  
19 retain as much flexibility for that space as we can  
20 and with as few attritions as possible because we  
21 don't know where our business is heading, and while we  
22 have hopes, you never know.

23                   By the way, while you can impose  
24 restrictions today, anything we do in the future we  
25 have to come back to you and you can always say no.

1 And by the way, even if there were a stay-out, we can  
2 come back and ask you to reconsider that. So, the  
3 point I'm going to make today is the machines are  
4 underperforming. They're in the grandstand. They're  
5 not going to perform better in the future. We have a  
6 heck of a time getting people over there to play the  
7 slot machines, and getting those machines out is the  
8 priority, regardless that that space is never used for  
9 anything other than a sitting room, as Bobby has  
10 indicated in his presentation.

11 CHAIRMAN:

12 Thank you. Treasurer McCord?

13 MR. MCCORD:

14 Thanks. I think I understand the  
15 testimony on the revenue. I just want to follow up on  
16 Commissioner Sojka's point. Are you saying total  
17 gross revenue would not be adversely affected?

18 MR. SOPER:

19 We don't believe --- obviously with the  
20 machines, we don't believe they will be.

21 MR. MCCORD:

22 And Mr. Chairman, it's more for our  
23 operation, does our Office of Enforcement routinely do  
24 fiscal notes that analyzes the potential impact on  
25 our, you know, proposed gaming floor changes, the

1 impact of that on revenue? Do we kind of get that as  
2 a matter of routine, and might it be a useful tool?

3 ATTORNEY PITRE:

4 What we'll do is if the Board approves  
5 the petition, then we'll go back and monitor what's  
6 going on with regard to their revenue.

7 MR. MCCORD:

8 And I guess I'm --- looking at that just  
9 to obviously show the concern ---.

10 ATTORNEY PITRE:

11 Well, there's an impact on the  
12 bottom-line ---.

13 MR. MCCORD:

14 Yes. I guess against future performance  
15 could be helpful. Thanks. Thank you, Mr. Chairman.

16 CHAIRMAN:

17 Sure. Commissioner Ginty?

18 MR. GINTY:

19 Just two things. One is, just to be  
20 clear, more machines does not necessarily mean more  
21 revenue?

22 MR. SOPER:

23 Correct.

24 MR. GINTY:

25 Secondly, to your point, if you came back

1 to us to even put table games in that area, we could  
2 then require you to add back those --- I mean, we have  
3 wide options available to us if you do come back.

4 ATTORNEY KOHLER:

5 Mr. Ginty, you have full authority and  
6 oversight over the gaming floor, and everything we do  
7 with it requires your approval.

8 MR. GINTY:

9 Thank you.

10 CHAIRMAN:

11 I have a couple of questions. Back to  
12 Counselor's comments about the cost differential. I  
13 do find it mindboggling that taking 134 slot machines  
14 out of a casino is going to save you \$800,000. You go  
15 from a negative 414 to a positive 401. That, just on  
16 its face, shocks me. And I will --- I do believe it,  
17 but it's shocking to me.

18 MR. SOPER:

19 Well, if I can put it in perspective,  
20 from the 10,000, you know, margins are about 15  
21 percent, and they were publicly traded, so you'll see.  
22 So, you have margins of 15 percent on revenue that you  
23 know will be due and you can imagine what those  
24 expenses are. It's not --- you know, when you do 200  
25 --- let me just give a hypothetical so I don't get in

1 trouble, but when you do \$200 million in revenue and  
2 you have a 15 percent margin on that, you've got \$117  
3 in expenses. And that's just --- it's a very  
4 labor-intensive, expensive type of industry to  
5 operate.

6 ATTORNEY KOHLER:

7 With a 55 to 60 percent tax revenue.

8 CHAIRMAN:

9 OEC, to Commissioner Sojka's point, and I  
10 would like to ask you to do this in the future, when  
11 somebody makes a presentation that they want to remove  
12 slot machines from a given area, I think Commissioner  
13 Sojka was getting to the point about the dogs, and the  
14 point being is we saw this as a potential when we went  
15 smoking, non-smoking, and they tried to operate ---  
16 tried to increase their smoking floors. You know, one  
17 of the rumors out there --- one of the things we were  
18 concerned about was if you put your bad machines in  
19 one area, the non-popular machines, the dogs, they  
20 aren't going to perform well, and so that's a --- you  
21 can then say, you know, if it was in the smoking area,  
22 they would perform better. And so I guess my specific  
23 question, and maybe, Mr. Soper, you touched on this,  
24 do we know if any of these machines that are in the  
25 area, 134 machines in that lower level, do we know if

1 those same machines exist elsewhere in the casino?  
2 That's question one. Do we know that, OEC?

3 ATTORNEY PITRE:

4 I couldn't attest to that.

5 CHAIRMAN:

6 Okay. Mr. Soper, ---.

7 ATTORNEY PITRE:

8 If you can attest ---.

9 MR. SOPER:

10 I believe there are. And we can  
11 certainly follow up and get you some information on  
12 that, but I do know they are part of our original  
13 machines. We purchased 1,200 in 2006, so I have to  
14 believe there's existing machines in other areas of  
15 the casino that are similar.

16 CHAIRMAN:

17 Okay. And so, again, I know I can't  
18 direct OEC what to do, but one of the things I think  
19 would be helpful to the Board, let me put it that way,  
20 is that in the future, when folks are trying to show  
21 the machines are underperforming, it would be helpful  
22 for us to know if those same machines are in another  
23 area of the casino and what they're performing. And  
24 I'll be more specific. If you have a machine that's  
25 \$42 win per slot per day down in the lower level,

1 phase I, and that same machine is in the main casino  
2 performing at \$250 a day, their argument to me is more  
3 believable than it is just without knowing that  
4 information.

5 ATTORNEY KOHLER:

6 One thing --- and we can ask Mr. Bean.  
7 And if you want him to say it, he's the one under  
8 oath. But if the concern is that as time went on, you  
9 know, the challenge you heard Bobby talk about that,  
10 we changed out all those machines and put all the dogs  
11 in there. Mr. Bean can assure you that that's not the  
12 case. So, there may have been some minor changes here  
13 and there, but those are basically the machines that  
14 were installed on day one, when we hoped that that  
15 would be a successful part of the gaming floor. I  
16 don't know --- correct me if I'm wrong, but I don't  
17 know that we ever expected that area to perform like  
18 the main casino. But we also didn't expect it to  
19 underperform to the point where it was in a place out  
20 of breaking even.

21 MR. BEAN:

22 I think, as a matter of clarity, the  
23 machines that were put into place in this area are  
24 pretty much the same machines that were in place ---  
25 they came back into play following our introduction to

1 table games. And since that time, which is about  
2 September 10th or so time frame, they're the same  
3 machines.

4 ATTORNEY KOHLER:

5 I stand corrected.

6 MR. SOJKA:

7 Could I just interject one thing for the  
8 record so that we have absolute clarity? I feel some  
9 responsibility since I introduced the canine  
10 terminology that we have another issue floating around  
11 in the Commonwealth. These dogs that we're talking  
12 about have nothing to do with Greyhounds or dog  
13 racing.

14 CHAIRMAN:

15 One last comment, just as a compliment.  
16 Again, you know, we, as a Board, are very cognizant of  
17 this October 1st, 2009 kind of line in the sand and  
18 that slot machine numbers shall not be reduced below  
19 that but for some business reasons that I think is the  
20 only exception allowed in the law. And the reason  
21 that's important is because there's impact on  
22 horseracing. So, the fact that you got letters from  
23 the Racing Commission as well as the Horsemen's  
24 Association certainly helps us analyze this issue.  
25 And I know there are other Counsel out here for other

1 racing casinos in Pennsylvania. Just kind of a note  
2 to you that that would be helpful if you ever come  
3 before the Board for similar acts. So, any other  
4 questions?

5 MR. TRUJILLO:

6 Mr. Chairman, I have a question on that  
7 vein.

8 CHAIRMAN:

9 Commissioner Trujillo?

10 MR. TRUJILLO:

11 The same thing. Any presentation, I  
12 think, regarding the change of the --- and move or  
13 removal of machines in this context, to me the last  
14 question always is one I did earlier but also how much  
15 of the lack of demand is due to real estate and how  
16 much of it is due to the machines themselves so in the  
17 future any presentation that --- I understand you  
18 can't know and see everything, but at least I think  
19 you typically will reach some sort of conclusion as to  
20 what the figure for the under-utilization is. So,  
21 your thoughtful approach on those issues will also be  
22 a help in the future. Thank you.

23 CHAIRMAN:

24 Thank you. Okay. Any final comments?  
25 OEC?

1                   ATTORNEY HIGGINS:

2                   No.

3                   CHAIRMAN:

4                   Okay.

5                   ATTORNEY KOHLER:

6                   Nothing more than just to move for the  
7 admission of our petition. There's a Supplement One  
8 and our PowerPoint.

9                   CHAIRMAN:

10                  Move for admission of your PowerPoint, is  
11 that what you're saying? Okay. Thank you.

12                  That concludes today's public hearing,  
13 and I'd like to thank everyone. In a moment we'll  
14 recess into Executive Session to consider this matter.  
15 But before we do that, I'd like to take a moment to  
16 acknowledge my fellow Commissioner Ken McCabe. This  
17 will be Ken's last meeting. And I just ask that you  
18 bear with me for a moment as I read part of a  
19 resolution that the Board will vote on in a second.

20                  But Ken, as you know, was one of the  
21 original Board members, and he was appointed in 2004  
22 by the Senate President Pro Temp, and sat, as I  
23 mentioned, as an initial member of the Pennsylvania  
24 Gaming Board when it first met in December of 2004.  
25 Ken was a leader in establishing the first state

1 agency more than 30 years, utilizing his 20 years ---  
2 more than 20 years of experience in the Federal Bureau  
3 of Investigation to assist in adopting a comprehensive  
4 body of laws and regulations to ensure the integrity  
5 of gaming. Ken also was involved in the in-depth  
6 licensing process that included 18 days of public  
7 input hearings across the state, as well as  
8 suitability hearings in Harrisburg. Commissioner  
9 McCabe and the Board voted on September 27th, 2006 to  
10 award Pennsylvania's first Conditional Slot Machine  
11 Casino Operator License. Whereas, on November 14,  
12 2006, less than two years after the Board held its  
13 first meeting, Pennsylvania's first licensed gaming  
14 facility, Mohegan Sun at Pocono Downs, opened to the  
15 general public. Today there are ten facilities that  
16 are operating. And as a result of Commissioner  
17 McCabe's foresight and hard work on this Board,  
18 property tax and wage reduction is no longer a wish  
19 but a reality for many Pennsylvanians.

20                   And in addition, as we stated earlier  
21 today, the horseracing industry is revitalized and is  
22 a major contributor to Pennsylvania's number one  
23 industry, which is agriculture. And so, Ken, on  
24 behalf of the Board --- on behalf of me personally to  
25 a fellow Commissioner from Pittsburgh, and I'm proud

1 to say that, we thank you for your six years of  
2 dedicated duty to the Commonwealth. You have brought  
3 a breath of fresh air to the Board as an outsider, but  
4 also somebody with a law enforcement background, the  
5 only one on the Board. And as we struggled with a lot  
6 of law enforcement issues originally, and we still  
7 struggle with those day to day in the Board's  
8 business, Ken adds a perspective that is unique from  
9 anyone else that's sitting up here. So, Ken, thank  
10 you for your years of public service. And before we  
11 have your comments, could I have a motion from the  
12 Board to vote on the resolution as I read it?

13 MR. GINTY:

14 So moved.

15 CHAIRMAN:

16 Second?

17 MR. SOJKA:

18 Second.

19 CHAIRMAN:

20 All in favor?

21 AYES RESPOND

22 CHAIRMAN:

23 Opposed? Ken, there you go, buddy,

24 and ---

25 MR. MCCABE:

1 Thank you.

2 CHAIRMAN:

3 --- thank you.

4 MR. MCCABE:

5 Thank you, Greg. This is a sad day, but  
6 I knew it was coming. No one will probably remember  
7 anything that I say here this morning, but if you  
8 remember two things, remember that I said thank you  
9 and that I'm proud of what we have accomplished.  
10 Thank you to the Gaming Control Board and thank you to  
11 the industry. We have been quite successful in doing  
12 this endeavor together.

13 I'd like to make my final remarks about  
14 job time. And I say that not about myself but about  
15 the agency, the Gaming Control Board and the industry,  
16 about my Board colleagues, either here today or on  
17 their own new ventures, and the incredible staff of  
18 professionals that we have accomplished what many  
19 naysayers said was impossible.

20 When I became an original member of the  
21 Board in 2004, there was no agency, just a  
22 newly-passed law and high expectations. Also at that  
23 time, I was warned upon taking this position that I  
24 was going to be a political target. But I figured  
25 that a softball would be lobbied at us once in a

1 while, not the continual volley of politics.

2           I am proud of what we have accomplished.  
3 And when I say we, I mean not only the Gaming Control  
4 Board, but also the gaming industry. We have made  
5 this a success today together. Through all the noise,  
6 the Board and staff kept their nose to the grindstone  
7 and today, through hard work, what was promised when  
8 the Act was first passed has become reality. Nearly  
9 14,000 jobs have been created for people in  
10 Pennsylvania at casinos. Approximately \$4.5 billion  
11 in revenues has been returned to the people of  
12 Pennsylvania, with approximately \$2.3 billion going to  
13 property tax relief. \$810 million has been spent by  
14 the casinos in their local jurisdictions. And not a  
15 dime of taxpayer money has been spent.

16           We have an agency of the best  
17 professionals Harrisburg can offer, and extremely  
18 important to me, as a longtime federal enforcement  
19 agent, strong oversight of an industry that so many  
20 believed could not be controlled, would be a haven for  
21 crime and other misdealings. Instead, this Board is  
22 being recognized nationwide for how we have created a  
23 strong but reasonable regulatory scheme that has  
24 produced a safe environment for patrons who gamble  
25 while not stifling these new businesses from achieving

1 success. We are not recognized by the gaming and  
2 regulatory community as the model agency on how things  
3 should be done.

4 I was fortunate in my first career in the  
5 FBI to serve with incredible people. Once again, in  
6 this position I served with people of the highest  
7 integrity from various backgrounds who forged a way to  
8 work together effectively. I've learned a lot from  
9 each of the Board members, and I'm humbled and honored  
10 to be a colleague of theirs.

11 Let me first acknowledge each of my  
12 colleague Board members I serve with today, Greg, Ray,  
13 Gary, Jim, Ken. I look at them as all friends.  
14 Especially I want to note what a pleasure it has been  
15 to go into work and into battle with my good friend  
16 Jeff Coy, who I will miss dearly, who also leaves with  
17 me today as the last of the original Board members.  
18 We would not be here today if it wasn't for some of  
19 the original Board members. I'd like to thank and I'd  
20 like to really remember Tad Decker, Mary Collins, Chip  
21 Marshall, Bill Conboy and particularly fellow  
22 Pittsburgher, Sanford Rivers. I'd also like to  
23 acknowledge publicly the people behind the scenes that  
24 have been very important to us, Mickey, Elizabeth, who  
25 is very special to me, Sabrina and Doreen, who these

1 meetings wouldn't be set up if it wasn't for them.  
2 And we probably all wouldn't be here if it wasn't for  
3 them.

4           I want to wish our new members, Keith  
5 McCall and my replacement, Tony Moscato, who are both  
6 here today, the best of luck. Just as I did, you will  
7 find great reward in the work you are about to  
8 undertake. We always remind our license holders that  
9 it's a privilege to hold a gaming license in  
10 Pennsylvania. It is also a privilege to serve on this  
11 Board, as you both will see. We, as Board members,  
12 are certainly a fine arbiter of these issues, but we  
13 would have nothing to decide, nothing to vote on  
14 without the Board staff. Our Executive Director,  
15 Kevin O'Toole, who I think the world of, and we are  
16 the luckiest agency in the world to have somebody with  
17 his experience and knowledge here; Doug Sherman, our  
18 Chief Counsel, who so far has kept us out of jail, and  
19 I hope he continues; and all of our directors and  
20 staff, in particular, Susan, who is one of the  
21 originals. Before we even started, you were working  
22 on the Gaming Act with Greg, when he was the Secretary  
23 of Revenue. Thank you for electing me part of your  
24 family for the last six years. Thank you, and I will  
25 miss you all. Thank you.

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CHAIRMAN:

Okay. We will now break for Executive Session to further consider the matter that the Board just heard on Mohegan Sun, and we'll return in 15 minutes. It's 10:30 now, so at 10:45 we'll return. Thank you.

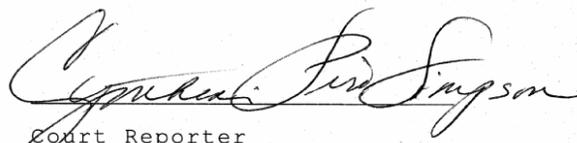
\* \* \* \* \*

HEARING CONCLUDED AT 10:30 A.M.

\* \* \* \* \*

CERTIFICATE

I hereby certify that the foregoing proceedings, hearing held before the PA Gaming Control Board, was reported by me on 02/10/2011 and that I Cynthia Piro-Simpson read this transcript and that I attest that this transcript is a true and accurate record of the proceeding.

  
Cynthia Piro-Simpson  
Court Reporter