



PENNSYLVANIA GAMING CONTROL BOARD

Meeting of the Board

October 25, 2006

Minutes

A meeting of the Pennsylvania Gaming Control Board was held on October 25, 2006 in the State Museum Auditorium. The meeting began at 10:00 a.m.

Members in attendance were:

Thomas Decker, Chairman
Raymond S. Angeli
Mary DiGiacomo Colins (via teleconference)
Jeffrey W. Coy
Joseph W. Marshall, III
Kenneth W. McCabe
Sanford Rivers

Ex-officio members in attendance were:

Gregory C. Fajt, Secretary of Revenue
Dennis C. Wolff, Secretary of Agriculture

Individuals who appeared officially before the Board:

Anne LaCour Neeb – agency update
Curtis Haines – Central Control Computer System
Mike Walsh – administration
Frank Donaghue – regulations
Richard Sandusky – regulations
Michelle Afragola – regulations
Michael Edmiston – withdrawal petitions
Mickey Kane – pro hac vice motions
Richard Williamson – slot programs and possession of slot machines
Michael Schwoyer – licensing
Susan Hensel – licensing

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

Transcript/Minutes

On a motion by Board Member McCabe, seconded by Board Member Coy, the transcripts and minutes of the September 12, 2006 and September 27, 2006 meetings were unanimously approved.

Executive Director's Report

PGCB MOTION NO. 2006-111 CPG – Approval of a Board Order delegating authority to review and approve Compulsive and Problem Gambling Plans

Motion Made: Board Member Marshall
Seconded: Board Member McCabe

Resolved, the Board hereby approves an Order which delegates the authority to review and approve Compulsive and Problem Gambling Plans pursuant to applicable regulations to the Director of Compulsive and Problem Gambling Enforcement.

Board Decision: Passed by unanimous vote.

PGCB MOTION NO. 2006-112 EXE – Motion to designate Ray Angeli as Board representative for the Mohegan Sun opening

Motion Made: Board Member Coy
Seconded: Board Member Marshall

Resolved, the Board, having consulted with the Executive Director, authorizes Commissioner Raymond Angeli to determine the successful completion of the test period and to authorize the effective date and time which slot operations may commence at Mohegan Sun at Pocono Downs, pursuant to the Board's Order of October 6, 2006.

Board Decision: Passed by unanimous vote.

Administration

PGCB MOTION NO. 2006-113 HR – Employment

Motion Made: Board Member Rivers
Seconded: Board Member McCabe

New Hires:

Jennifer Lang, licensing technician, Bureau of Licensing
Michael Feldman, statistician trainee, Bureau of Gaming Laboratory Operations

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

Board Decision: Passed by unanimous vote

PGCB MOTION NO. 2006-114 ADM – Motion to approve a lease agreement for office space in Verizon Tower

Motion Made: Board Member Marshall
Seconded: Board Member Colins

Resolved, the Board, hereby approves a seven-year lease agreement for 19,824 square feet of office space at a rate of \$22.08 per square foot at 303 Walnut Street, Verizon Tower, 10th Floor, Harrisburg, Pennsylvania.

Board Decision: Passed by unanimous vote

Office of Chief Counsel

PGCB RESOLUTION NO. 2006-36 OCC – Downs Racing, LLC Floor Plan

Motion Made: Board Member Angeli
Seconded: Board Member Coy

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

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

WHEREAS Downs Racing, L.P., an entity for which a slot machine license was approved on September 27, 2006, has submitted its gaming floor plan dated October 24, 2006 for Board approval; and

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

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

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

RESOLVED That the Board approves the floor plan of Downs Racing, L.P. as prepared by Jeter, Cook & Jepson Architects, Inc., dated November 1, 2005, revised through October 23, 2006, Sheet PAGB-132, 113, 114, 133, 134 and 143, which floor plan depicts 30,796SF of gaming floor and a maximum configuration of 1,083 slot machines as well as an additional 2,290SF of proposed gaming floor configured to accommodate an additional 89 slot machines for a total of 33,016SF of gaming floor and 1,172 slot machines.

Board Decision: Passed by unanimous vote.

PGCB MOTION NO. 2006-115 REG – Motion to approve guidelines for use of funds allocated to horsemen’s organizations

Motion Made: Board Member Colins
Seconded: Board Member Coy

Resolved, the Board, hereby adopts proposed guidelines for use of funds allocated to horsemen’s organizations as required by § 1406(b) of the Act and directs that these guidelines be published in the Pennsylvania Bulletin and posted on the Board’s website.

Board Decision: Passed by unanimous vote.

PGCB MOTION NO. 2006-116 REG – Motion to adopt proposed regulation for Chapters 465, 466 and 467

Motion Made: Board Member Coy
Seconded: Board Member Marshall

Resolved, the Board, hereby adopts the proposed regulation No. 125-49 pertaining to Chapters 465, 466 and 467; establishes a public comment period of 30 days; and directs that the proposed regulation be posted on the Board’s website.

Board Decision: Passed by unanimous vote.

PGCB MOTION NO. 2006-117 BHA – Petition to Withdraw Seven Springs Farm, Inc.

Motion Made: Board Member Marshall
Seconded: Board Member McCabe

Resolved, the Board hereby approves the Order granting withdrawal of the application of Seven Springs Farm, Inc. and all applications and waiver requests associated therewith.

Board Decision: Passed by unanimous vote

PGCB MOTION NO. 2006-118 BHA – Petitions to Withdraw

Motion Made: Board Member McCabe
Seconded: Board Member Marshall

Resolved, the Board hereby approves the Orders granting withdrawal of the applications of Paulette Bailey; Eugene D. DeNardo; Michael Mauser; MLGC, LP; Robert Neugebauer; North American Gaming, Inc.; Timothy B. Nyman, Marc Crisafulli, Philip R. Lochner, Jr., Christine Cournoyer, Burnett W. Donoho, Paget Alves, and William Middlebrook; Reginald C. Orme; PDS Holding Co., Inc. and the Key Employee Qualifier applications of Peter Douglas Cleary and Lona Mae Finley; Bradley K. Serwin; The St. George Group, LLC; and Matthew Wetzel.

Board Decision: Passed by unanimous vote

PGCB MOTION NO. 2006-119 BHA – Pro Hac Vice Motions

Motion Made: Board Member Rivers
Seconded: Board Member Marshall

Resolved, the Board hereby approves the Orders granting the motions for admission pro hac vice of John A. Godfrey and Lynn Handler.

Board Decision: Passed by unanimous vote

Gaming Laboratory Operations

PGCB MOTION NO. 2006-120 GL – Motion to designate Michigan as a jurisdiction that may be relied upon in the abbreviated slot machine and associated equipment testing process

Motion Made: Board Member Angeli
Seconded: Board Member Coy

Resolved, the Board, hereby determines that the slot machine and associated equipment testing standards of Michigan are sufficiently comprehensive and thorough and provide similar adequate safeguards to those required under the Act, the regulations and the technical standards adopted by the Board to permit the Board to rely on approvals by those jurisdictions for the purposes of implementing an abbreviated testing process for

slot machines and associated equipment conducted pursuant to the Act and Chapter 461 of the Pennsylvania Gaming Control Board's regulations.

Board Decision: Passed by unanimous vote

PGCB RESOLUTION NO. 2006-33 GL – Slot Machine Programs and Theoretical Payout Percentages

Motion Made: Board Member Colins
Seconded: Board Member Marshall

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

WHEREAS Under Section 1320 of the Act, the Board has adopted temporary regulations governing the testing of slot machines and associated equipment, specifically 58 Pa. Code Section 461.4, Submission for testing and approval; and

WHEREAS Under Section 461.4 of the Pennsylvania Gaming Control Board Regulations, provision has been made for both the abbreviated testing process for slot machines and associated equipment permitted under section 1320 of the Act as well as a standard Pennsylvania testing process for slot machines and associated equipment not qualifying for abbreviated testing; and

WHEREAS Under Section 1320 of the Act, the Board has determined that the slot machine testing and certification standards of Michigan, Nevada and New Jersey are sufficiently comprehensive and thorough and provide similar adequate safeguards to those required under the Act, the regulations and the technical standards adopted by the Board to permit the Board to rely on approvals by those jurisdictions for the purposes of implementing its abbreviated testing process for slot machines and associated equipment; and

WHEREAS Licensed manufacturers have submitted a number of slot machine programs, each with various theoretical payout percentages, to the Board's Slot Lab for approval under both the abbreviated and standard Pennsylvania testing processes, which programs and percentages are listed on a Test Process Summary – Programs and Percentages dated October 24, 2006 incorporated herein by reference thereto; and

- WHEREAS All of the slot machine programs and theoretical payout percentages included on the above referenced Test Process Summary – Programs and Percentages are approved in Michigan, Nevada and New Jersey or have been subjected to the standard Pennsylvania testing process; and
- WHEREAS The Board’s Slot Lab has evaluated the ability of each slot machine program, when set to the designated theoretical payout percentage, to comply with the minimum design standards set forth in Chapter 461 of the Pennsylvania Gaming Control Board's regulations and the technical standards adopted by the Board, including those mandating a theoretical payout percentage of not less than 85% and no more than 100%; and
- WHEREAS All of the slot machine programs and corresponding theoretical payout percentages on the Test Process Summary – Programs and Percentages, with the exception of those programs marked "REJECT" on the Summary, were found by the Board's Slot Lab to comply with the Act, the regulations and the technical standards adopted by the Board; and
- WHEREAS The Board finds that the approval of all of the slot machine programs and corresponding theoretical payout percentages on the Test Process Summary – Programs and Percentages dated October 24, 2006, with the exception of those programs marked "REJECT" on the Summary, is not contrary to the goals and objectives of the act; be it
- RESOLVED That the Board approve all of the slot machine programs and corresponding theoretical payout percentages on the Test Process Summary – Programs and Percentages dated October 24, 2006, with the exception of those programs marked "REJECT" on the Summary, subject to the satisfactory conclusion of interoperability testing with the Commonwealth's central control computer system for each slot machine prototype potentially utilizing the approved slot machine programs and theoretical payout percentages.

Board Decision: Passed by unanimous vote

PGCB MOTION NO. 2006-121 GL – Approval of an Order delegating authority to the Executive Director to approve slot machine prototypes and associated equipment prototypes

Motion Made: Board Member Marshall
Seconded: Board Member Coy

Resolved, the Board, hereby approves the Order which delegates the authority to review and approve slot machine prototypes and associated equipment prototypes to the Executive Director.

Board Decision: Passed by unanimous vote

PGCB RESOLUTION NO. 2006-35 GL – Possession of Slot Machines by Harrah’s Chester Downs

Motion Made: Board Member McCabe
Seconded: Board Member Rivers

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

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

WHEREAS Under 58 Pa. Code Section 463.1(b)(1), the Board may authorize the possession of slot machines in this Commonwealth for the purpose of maintaining for use or training upon its finding that the possession of slot machines by such persons in this Commonwealth is not contrary to the goals and objectives of the act; and

WHEREAS Chester Downs and Marina, LLC, an entity for which a Conditional Category 1 slot machine license was approved on September 27, 2006, has submitted a written request to the Board in compliance with the regulations, to possess slot machines and related equipment in its facility located at 1 Morton Avenue, Chester, Pennsylvania 19013; and

WHEREAS The Bureau of Investigations and Enforcement has inspected the facility and has not found any outstanding security issues that would indicate that the facility is unsuitable to possess and store slot machines; and

WHEREAS The Bureau of Investigations and Enforcement has reviewed the surveillance and security department protocols proposed by Chester Downs and Marina, LLC to secure the slot machines and determined them to be adequate. A summary of said surveillance and security protocols is attached hereto and incorporated herein by reference thereto; and

WHEREAS Slot machines may only be installed and configured at the facility by persons who have been permitted or licensed as appropriate by the Board; and

WHEREAS Chester Downs and Marina, LLC agrees to comply with the requirements of Chapter 463 pertaining to possession and transportation of slot machines in this Commonwealth and to store and secure the slot machines in accordance with the protocols incorporated herein; and

WHEREAS The Board finds that the possession of slot machines by Chester Downs and Marina, LLC for the purpose of maintaining for use or training is not contrary to the goals and objectives of the act; be it

RESOLVED That the Board authorizes the possession of slot machines by Chester Downs and Marina, LLC for the purpose of maintaining them for use or training in compliance with the requirements of 58 Pa. Code, Chapter 463, subject to compliance by Chester Downs and Marina, LLC with all applicable requirements with regard to possession, transportation and securing of slot machines.

Board Decision: Passed by unanimous vote

Licensing

PGCB MOTION NO. 2006-122 BHA – Petitions to Withdraw

Motion Made: Board Member Marshall
Seconded: Board Member Rivers

Resolved, the Board hereby approves the Orders granting withdrawal of the applications Theodore Dragisich, subject to the conditions set forth in the Order, and Technica Development Corp. and all applications and waiver requests associated therewith.

Board Decision: Passed by unanimous vote

PGCB MOTION NO. 2006-123 LIC – Adoption of an Order approving a Conditional Category 1 Slot Machine License for Presque Isle Downs, Inc.

Motion Made: Board Member Rivers
Seconded: Board Member Marshall

Resolved, the Board hereby grants an Order approving a Conditional Category 1 slot machine license to Presque Isle Downs, Inc. under Section 1315 of the Pennsylvania Race Horse Development and Gaming Act and the award of appropriate licenses to its Key Employee/Qualifiers to whom the Bureau of Investigations and Enforcement and Bureau of Licensing have no objection.

Board Decision: Roll call vote: Angeli, Colins, Coy, Marshall, McCabe, Rivers and Decker voted yes. Passed by unanimous vote.

PGCB MOTION NO. 2006-124 LIC – Adoption of an Order approving a manufacturer license for Mikohn Gaming Corp; DBA Progressive Gaming International Corp.

Motion Made: Board Member Angeli
Seconded: Board Member Rivers

Resolved, the Board hereby grants an Order approving a manufacturer license for Mikohn Gaming Corp; DBA Progressive Gaming International Corp.

Board Decision: Passed by unanimous vote

PGCB MOTION NO. 2006-125 LIC – Adoption of an Order approving a manufacturer license for DigiDeal Corp.

Motion Made: Board Member Colins
Seconded: Board Member Marshall

Resolved, the Board hereby grants an Order approving a manufacturer license for DigiDeal Corp.

Board Decision: Passed by unanimous vote

PGCB MOTION NO. 2006-126 LIC – Adoption of a Board Order accepting the report of the Bureau of Licensing regarding the issuance of employee credentials, permits and registrations

Motion Made: Board Member Marshall
Seconded: Board Member Rivers

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

Board Decision: Passed by unanimous vote

PGCB MOTION NO. 2006-127 LIC – Adoption of a Board Order delegating authority to the Bureau of Licensing for the issuance of credentials, licenses, permits and registrations

Motion Made: Board Member Coy
Seconded: Board Member Rivers

Resolved, the Board hereby approves an Order which delegates the authority to issue key employee licenses, gaming employee occupation permits, non-gaming employee registrations and appropriate credentials to employees of slot machine licensees, manufacturer licensees, supplier licensees and certified vendor licensees or applicants to the Director of the Bureau of Licensing.

Board Decision: Passed by unanimous vote

Gaming Laboratory Operations

PGCB RESOLUTION NO. 2006-33 GL – Slot Machine and Associated Equipment-Hardware and Software

Motion Made: Board Member Marshall

Seconded: Board Member McCabe

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

WHEREAS Under Section 1320 of the Act, the Board has adopted temporary regulations governing the testing of slot machines and associated equipment, specifically 58 Pa. Code Section 461.4, Submission for testing and approval; and

WHEREAS Under Section 461.4 of the Pennsylvania Gaming Control Board Regulations, provision has been made for both the abbreviated testing process for slot machines and associated equipment permitted under section 1320 of the Act as well as a standard Pennsylvania testing process for slot machines and associated equipment not qualifying for abbreviated testing; and

WHEREAS Under Section 1320 of the Act, the Board has determined that the slot machine testing and certification standards of Michigan, Nevada and New Jersey are sufficiently comprehensive and thorough and provide similar adequate safeguards to those required under the Act, the regulations and the technical standards adopted by the Board to permit the Board to rely on approvals by those jurisdictions for the purposes of implementing its abbreviated testing process for slot machines and associated equipment; and

WHEREAS Licensed manufacturers have submitted a number of slot machine programs, each with various theoretical payout percentages, to the Board's Slot Lab for approval under both the abbreviated and standard

Pennsylvania testing processes, which programs and percentages are listed on a Test Process Summary – Programs and Percentages dated October 24, 2006 incorporated herein by reference thereto; and

WHEREAS All of the slot machine programs and theoretical payout percentages included on the above referenced Test Process Summary – Programs and Percentages are approved in Michigan, Nevada and New Jersey or have been subjected to the standard Pennsylvania testing process; and

WHEREAS The Board's Slot Lab has evaluated the ability of each slot machine program, when set to the designated theoretical payout percentage, to comply with the minimum design standards set forth in Chapter 461 of the Pennsylvania Gaming Control Board's regulations and the technical standards adopted by the Board, including those mandating a theoretical payout percentage of not less than 85% and no more than 100%; and

WHEREAS All of the slot machine programs and corresponding theoretical payout percentages on the Test Process Summary – Programs and Percentages, with the exception of those programs marked "REJECT" on the Summary, were found by the Board's Slot Lab to comply with the Act, the regulations and the technical standards adopted by the Board; and

WHEREAS The Board finds that the approval of all of the slot machine programs and corresponding theoretical payout percentages on the Test Process Summary – Programs and Percentages dated October 24, 2006, with the exception of those programs marked "REJECT" on the Summary, is not contrary to the goals and objectives of the act; be it

RESOLVED That the Board approve all of the slot machine programs and corresponding theoretical payout percentages on the Test Process Summary – Programs and Percentages dated October 24, 2006, with the exception of those programs marked "REJECT" on the Summary, subject to the satisfactory conclusion of interoperability testing with the Commonwealth's central control computer system for each slot machine prototype potentially utilizing the approved slot machine programs and theoretical payout percentages.

Board Decision: Passed by unanimous vote

Adjournment

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