

PENNSYLVANIA GAMING CONTROL BOARD

CAPITOL, EAST WING
ROOM 8E
HARRISBURG, PENNSYLVANIA

THURSDAY, JUNE 16, 2005, 10:03 A.M.

BEFORE:

THOMAS DECKER, CHAIRMAN
MARY DiGIACOMO COLINS
WILLIAM P. CONABOY
JEFFREY W. COY
KENNETH T. McCABE
JOSEPH W. MARSHALL, III
SANFORD RIVERS
ROBERT P. CASEY, JR., PA STATE TREASURER
GREGORY C. FAJT, PA SECRETARY OF REVENUE

HILLARY M. HAZLETT, REPORTER
NOTARY PUBLIC

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1 CHAIRMAN DECKER: Good morning, everyone.
2 We'll call the meeting to order. I'm Tad Decker.
3 I'm Chairman of the Gaming Control Board. Welcome to
4 this meeting.

5 A quorum of the Board being present, this
6 meeting is now called to order. I would like to note
7 for the record that all of the Board Members are here
8 and present.

9 I believe Secretary Wolff and Treasurer
10 Casey are coming. Am I right on that? No, I'm wrong
11 on that. I think Secretary Fajt is coming.
12 Secretary Wolff and Treasurer Casey are unavailable
13 today.

14 I have been asked to request, again, that
15 everyone turn off their cell phones, including me,
16 and blackberries because the devices interfere with
17 our sound system.

18 With that said, would you please join me in
19 the Pledge of Allegiance?

20 (Pledge of Allegiance.)

21 CHAIRMAN DECKER: Before we begin, I would
22 like to let you know that the Board meetings -- that
23 the Board this morning held a brief Executive Session
24 for the purpose of discussing personnel matters,
25 specifically potential candidates for positions with

1 the Board. No business was conducted during the
2 session. We don't have anything to report to you
3 today.

4 We now need to adopt the minutes for our
5 last meeting. Can I have a motion?

6 COMMISSIONER MARSHALL: So moved.

7 CHAIRMAN DECKER: Second?

8 COMMISSIONER McCABE: Second.

9 CHAIRMAN DECKER: All in favor, please
10 indicate by saying aye.

11 BOARD MEMBERS: Aye.

12 CHAIRMAN DECKER: Any opposed?

13 The motion passes.

14 As is true for all of our meetings, the
15 minutes for the June 2nd meeting are available on the
16 Gaming Board's website.

17 The second item today, I would like to ask
18 Chip Marshall if he could say something briefly, no
19 pun intended, about our ethics policy.

20 As you know, we've adopted an ethics
21 policy. We adopted the State's ethics policy. We've
22 been examining the possibility of supplementing that.
23 Chip?

24 COMMISSIONER MARSHALL: Is that a challenge
25 or an admonition? Thank you. Take it any way you

1 can.

2 That's right. We have been working in
3 various subgroups with Michelle and some other folks
4 on coming up with a policy as to how the Board will
5 act once the license application period has closed in
6 the various forms, specifically with respect to who
7 we will -- who may contact us, what are the
8 circumstances of that contact, whether those contacts
9 will be noted somewhere.

10 We are currently studying the regulations
11 of a number of jurisdictions, probably most
12 intermittently New Mexico, Missouri, and New Jersey,
13 trying to borrow what are possible, the appropriate
14 structure so that we can guarantee to the citizens of
15 the Commonwealth that the application review process
16 will be above reproach and will be appropriate.

17 We anticipate having a Board policy to that
18 effect sometime in the next 30 days. At this point,
19 our thinking, again, subject to further review and
20 further consideration would be to recommend to the
21 Board that we adopt a policy, we post that policy or
22 recommend that the Board post that policy on our
23 website for comment on for some period of time,
24 consider the comment, and then come back and adopt

25 the policy at the Board level.

6

1 Any questions?

2 CHAIRMAN DECKER: Thank you. Treasurer
3 Casey is here despite the rumors to the contrary.

4 Thank you, Chip. We'll look forward to
5 having that and reporting back on that. It's a
6 rather complex subject, and the group studying it is
7 making some progress.

8 COMMISSIONER MARSHALL: Well, it is.

9 CHAIRMAN DECKER: Go ahead.

10 COMMISSIONER MARSHALL: I think what we're
11 trying to do is balance the ability to gain and share
12 in the knowledge of a number of folks in this
13 process, yet at the same time make sure that the
14 application consideration process is above reproach
15 and done in a way that will satisfy the citizens of
16 the Commonwealth that we are acting in an appropriate
17 and ethical manner.

18 CHAIRMAN DECKER: Thank you. Any questions
19 for Chip?

20 Okay. Thank you.

21 There are a number of other items under the
22 heading of old business that the Board is either
23 still studying or has yet to take any action upon.
24 These include acting on Pricewaterhouse Coopers

25 report on best practices for our Bureau of

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1 Investigations and Enforcement, and auditing the
2 proposed outsourcing of testing for certification for
3 slot machines and the draft supplier and manufacturer
4 regulations and the proposed responses to public
5 comments regarding those draft regulations.

6 I would like to take up the topic now of
7 those regulations following Commissioner Colins'
8 update on the drafting process.

9 But does anyone have -- anybody on the
10 Board have any discussion point on the other issues I
11 just mentioned? Let me start by saying -- we're
12 going to move forward -- we're moving forward on our
13 study with our Committee of Commissioners Conaboy and
14 McCabe on best practices or our BIE.

15 We are also considering how we're going to
16 -- short-term and long-term deal with testing and
17 certification of slot machines. We should have
18 something for you in the coming weeks on both of
19 those subjects.

20 With that said, Mary, can I turn it over to
21 you for an update on where we stand on some of the
22 regs and what the working group is doing.

23 COMMISSIONER DiGIACOMO COLINS: Great.

24 Thank you. Let me remind everyone that posted on our
25 website are the proposed regulations for the Category

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1 1 licenses -- operators' licenses and the public
2 comment period on that closes at the end of business
3 tomorrow.

4 And again, once the public comment is
5 gathered, we're going to go into the same process.
6 We'll review it. We'll respond to it. We'll post
7 that public comment.

8 So again, the Category 1 process is ongoing
9 and the public comment closes end of business
10 tomorrow.

11 With respect to what the regulations
12 working group is doing now, we have a -- an initial
13 draft of vendors licensing regulations and also
14 Category 2 and 3 licensing regulations, which we're
15 presently working on.

16 Our goal is to get to a final draft
17 hopefully for posting and review sometime towards the
18 end of July with respect to the vendors in Category
19 2s.

20 That is in process now as we speak. So the
21 regulations working group is just going forward wave
22 by wave with each issue to form the framework for
23 this Board's granting of licenses and for the Board's

24 activities as a licensing and regulating agency.

25 Then with respect to manufacturer

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1 regulations, today I'm prepared to make a motion with
2 respect to the Board's adopting the regulations
3 regarding the manufacturers' regulations. I would
4 like to make that motion now with respect to that,
5 because as part of our efforts to move forward, it's
6 my intent to make this resolution with the hopes that
7 we will adopt it and move forward.

8 I have two other resolutions after that
9 having to do with the application process for
10 manufacturers.

11 So this resolution is very precise and
12 detailed for purposes of the record and the final
13 order. If I may?

14 CHAIRMAN DECKER: Please.

15 COMMISSIONER DiGIACOMO COLINS: Whereas on
16 July 5th, 2004, the Pennsylvania General Assembly
17 enacted the Pennsylvania Racehorse Development and
18 Gaming Act, establishing the Pennsylvania Gaming
19 Control Board as the primary regulatory agency
20 charged with the responsibility of implementing and
21 overseeing slot machine gaming in the Commonwealth;
22 and whereas the Act authorizes the Board to adopt

23 temporary regulations in order to facilitate the
24 prompt implementation of the Act during the two years
25 following the Act's effective date; and whereas the

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1 Board has developed draft temporary regulations for
2 general administrative practice and procedure before
3 the Board and for licensing standards for gaming
4 equipment manufacturers; and whereas the public has
5 had an opportunity to comment on the draft temporary
6 regulations and the Board has incorporated
7 appropriate public comments into the regulations; and
8 whereas the Board's final temporary regulations are
9 designated as Title 58, recreation, Part 7, Gaming
10 Control Board.

11 Now, I'm going to list all of those
12 subparts of that for the record. Subpart A, general
13 provisions, specifically Chapter 401, preliminary
14 provisions; Chapter 403, Board operations and
15 organization; Chapter 407, public access to public
16 records; and Subpart B, licensing, registering, and
17 permitting, specifically Chapter 421, general
18 provisions; Chapter 423, applications; Chapter 427,
19 manufacturer licenses; Chapter 433, license renewal
20 as applies to manufacturers; and Chapter 435,
21 employees as applies to manufacturers.

22 Subpart D, recordkeeping, specifically

23 Chapter 451, licensee recordkeeping requirements; and
24 Subpart E, slot machine testing and certification,
25 specifically Chapter 461, slot machine testing and

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1 certification requirements.

2 Subpart F, fees, specifically Chapter 471,
3 filing fees as applies to manufacturers; subpart G,
4 minority and women's business enterprises,
5 specifically Chapter 481, general provisions; and
6 Subpart H, practice and procedure, specifically
7 Chapter 491, general rules of practice.

8 Chapter 495, documentary filings; chapter
9 497, time; and Chapter 499, representation before the
10 Board.

11 Whereas the Board reserves the right to
12 amend the temporary regulations as it deems necessary
13 in accordance with the purpose of the Act and in
14 order to further the intent of the Act, be it
15 resolved that the Board adopts the draft regulations
16 as its temporary regulations for general
17 administrative practice and procedure before the
18 Board and for licensing standards for gaming
19 equipment manufacturers.

20 That would be my motion that the Board
21 adopt that resolution.

22 CHAIRMAN DECKER: Is there a -- we have a
23 motion. Is there a second?

24 COMMISSIONER RIVERS: Second.

25 CHAIRMAN DECKER: Maybe some discussion.

12

1 In case you haven't noticed, we are voting only on
2 the manufacturer regs and not the supplier regs.

3 At our last meeting, we had a lengthy
4 discussion about the supplier segment of these
5 regulations and several Board members -- could you
6 hear me then? No. Let me start over.

7 In case you haven't noticed, we're only
8 voting on manufacturer regs, not supplier regs today.
9 At our last meeting, we had a lengthy discussion
10 about the supplier segment of these regulations.

11 Several Board members as a result requested
12 more time to evaluate both the proposed regulations
13 and the proposed amendment to the supplier
14 regulations that was offered by Commissioner Coy.

15 So we're going to hold off on that and
16 we'll see where we go with that. We will try to
17 reach a resolution on that in the coming weeks and
18 hopefully before our July 7th meeting.

19 Before we vote on this resolution, I would
20 like to make one point about the suppliers.
21 Commissioner Coy made a good point about the

22 opportunity for diversity with more suppliers versus
23 less suppliers.

24 Originally, we had thought about having,
25 you know, anybody who wants to get a license as a

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1 supplier can have one. The practicalities of that
2 are no one is going to pay that fee unless they have
3 something lined up ahead of time is the practicality
4 of it.

5 We're going to entertain what Commissioner
6 Coy proposed, but I wanted to say something in
7 addition to that because I think the point of
8 diversity is well taken.

9 Diversity is one of the top, in my mind, I
10 think I speak for all of the Board members --
11 virtually all of the Board members of this subject is
12 one of the top two or three criterias we're going to
13 use to judge individuals in this category, individual
14 applicants in this category.

15 I know speaking for myself now, not the
16 rest of the members, I would not be prepared to vote
17 on suppliers because we're going to act on all of
18 them at the same time, if there was just a
19 preponderance of non-diversified ownership in that
20 category.

21 I feel very strongly about that, and I
22 wanted to make that point at the meeting. So we hope
23 to see that as a part of our overall goals of
24 diversity. I wanted to speak to Commissioner Coy's
25 point at the last meeting.

14

1 With that said, any discussion on
2 Commissioner Colins' motion with respect to
3 manufacturers' regulations?

4 Yes, please.

5 COMMISSIONER MARSHALL: Thank you. Thank
6 you, Mary, for all of the leadership in trying to get
7 this done.

8 I guess it's more of a sort of technical
9 question and that's just given the volume and
10 everything else, if we have to change a comma or
11 correct a misspelling, how do we go about doing that?

12 COMMISSIONER DiGIACOMO COLINS: Well,
13 Commissioner Marshall, we've made a provision for
14 that in this resolution where we will be publicly
15 authorizing this Board to make any necessary changes
16 in these temporary regulations that are in accordance
17 with and further the intent of the Act.

18 COMMISSIONER MARSHALL: Which we would
19 publish?

20 COMMISSIONER DiGIACOMO COLINS: Which we

21 would publish, absolutely. It would be part of this
22 ongoing process that we have established. If there
23 are changes, they would be published.

24 I would go so far as to say if there are
25 changes that affect policy, that go beyond technical

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1 corrections, that those would be things that we would
2 publicly discuss and amend or vote on.

3 The powers in this resolution for us to
4 deal with that -- because I anticipate as we go
5 forward, I mean, it's been an interesting process
6 because we have to develop the regulations to act,
7 yet we have to do the best we can to make sure that
8 the regulations are fluid enough for us to
9 incorporate our experience as we move forward into
10 these regulations.

11 So it's a little bit of putting the cart
12 before the horse, which is a legal requirement; but
13 by the same token, we have to have the ability to
14 take our experience and translate it into the
15 regulation process, and hopefully we will be able to
16 do that.

17 COMMISSIONER MARSHALL: Thank you.

18 COMMISSIONER DiGIACOMO COLINS: You're
19 welcome.

20 COMMISSIONER COY: Mr. Chairman?

21 CHAIRMAN DECKER: Please.

22 COMMISSIONER COY: Just a question,
23 Commissioner Colins. I wanted to know. I think the
24 public would be interested to know the amount of
25 public comment we had on these regulations. Could

16

1 you just speak to that?

2 COMMISSIONER DiGIACOMO COLINS: I can. I'm
3 sorry I didn't bring my volume that I formed of
4 public comment. It was approximately --

5 COMMISSIONER MARSHALL: I have the first
6 section.

7 COMMISSIONER DiGIACOMO COLINS: There were
8 about 350 pages of pure comment coming from 35
9 different citizens, companies, political
10 representatives.

11 It was a broad, broad base of comment,
12 which was terrific. That's -- if ever the public
13 comment period was designed to work, it worked in
14 this instance.

15 My next motion I'm going to make if we
16 adopt this is to publish the public comment and also
17 our responses.

18 Now, when we formed those responses, we did
19 not answer each and every one. We made a

20 determination of redundancy where there were a number
21 of comments addressing one issue, we took what we
22 thought was the clearest, most comprehensive and
23 responded to it.

24 There was an enormous quantity of public
25 comment of great quality.

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1 COMMISSIONER COY: That was the reason for
2 the question. I appreciate the work that the
3 subcommittee did in formulating the regulations as
4 the public comment period ensued and in reaction to
5 them. Thank you.

6 COMMISSIONER DiGIACOMO COLINS: You're
7 welcome.

8 CHAIRMAN DECKER: Chip, please.

9 COMMISSIONER MARSHALL: Although this may
10 be putting the cart before the horse, just I think
11 for a point of clarification to the extent although
12 we will, I guess, accept or put forth a proposed
13 response to the public comment in any situation where
14 there would be a conflict between our response and
15 the regulations past, the regulations would be
16 controlling.

17 COMMISSIONER DiGIACOMO COLINS: Yes. I
18 mean, we've tried to avoid that.

19 COMMISSIONER MARSHALL: I understand.

20 COMMISSIONER DIGIACOMO COLINS: That's a
21 very good point. Exactly, the regulations are
22 controlling.

23 CHAIRMAN DECKER: Commissioner Colins, what
24 was the -- we got a ton of comments in. How would
25 you guess the comments were broken down between

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1 supplier versus manufacturer just for curiosity
2 standpoint? Could you hazard a guess on something
3 like that?

4 COMMISSIONER DIGIACOMO COLINS: The way
5 I'll respond to that is by saying that one category
6 did not predominate over the other.

7 CHAIRMAN DECKER: Okay.

8 COMMISSIONER DIGIACOMO COLINS: There was
9 ample comment as to both issues, manufacturer
10 licensing and suppliers licensing.

11 CHAIRMAN DECKER: Any other questions? We
12 have a second. We have a motion on the table.

13 All those in favor, please indicate by
14 saying aye.

15 COMMISSIONERS: Aye.

16 CHAIRMAN DECKER: Any opposed?

17 It passes.

18 Thank you, Commissioner Colins.

19 COMMISSIONER DiGIACOMO COLINS: Can I go
20 forward with the --

21 CHAIRMAN DECKER: Please.

22 COMMISSIONER DiGIACOMO COLINS: The next
23 motion is for the Board to adopt the proposed
24 responses to the public comments, accepting the
25 Board's responses -- the proposed responses relating

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1 to the suppliers' regulations that were contained in
2 Chapter 431. Again, that's been carved out for
3 purposes of our action today and to post in the
4 Pennsylvania Bulletin and on the Board's website a
5 summary of the public comments and the Board's
6 responses to those comments.

7 CHAIRMAN DECKER: Is there a second?

8 COMMISSIONER CONABOY: Second.

9 COMMISSIONER MARSHALL: I would just note
10 the same caution that the regulations will control in
11 the event of a conflict between our responses and the
12 regulations.

13 CHAIRMAN DECKER: Sure.

14 COMMISSIONER DiGIACOMO COLINS: May I move
15 to amend that motion to include that proviso?

16 CHAIRMAN DECKER: Fine. Okay. Do we have
17 -- I don't think we have to vote on that. Do we have

18 to vote on that amendment?

19 COMMISSIONER DIGIACOMO COLINS: We can
20 accept the amendment.

21 CHAIRMAN DECKER: Will you accept that
22 amendment?

23 COMMISSIONER DIGIACOMO COLINS: Yeah.

24 CHAIRMAN DECKER: Let's vote on the total
25 then.

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1 Any other discussion?

2 All those in favor, please indicate by
3 saying aye.

4 COMMISSIONERS: Aye.

5 CHAIRMAN DECKER: Any opposed?

6 Motion passes.

7 COMMISSIONER DIGIACOMO COLINS: Finally, I
8 want to make a motion to release and post on the
9 Board's website within this next workweek the
10 applications for manufacturers and to designate that
11 the -- for this Board to designate that the
12 application period for the first round of
13 manufacturer applications will close effective August
14 15th, 2005.

15 COMMISSIONER MARSHALL: Second.

16 CHAIRMAN DECKER: Is there a second? Okay.
17 Any discussion?

18 All those in favor, please indicate by
19 saying aye.

20 COMMISSIONERS: Aye.

21 CHAIRMAN DECKER: Any opposed?

22 Motion passes.

23 COMMISSIONER DIGIACOMO COLINS: Do you have
24 the order?

25 CHAIRMAN DECKER: Chip, do you have

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1 something?

2 COMMISSIONER MARSHALL: What I wanted to
3 try to -- I think what we need to convey though is,
4 again, there will be a policy that this Board will
5 adopt that will go into effect at the close of the
6 application period, which by our previous action is
7 now August 15th.

8 I would urge everyone, and we should
9 publish this or post this admonition on the Board's
10 website, that it is important that applicants for
11 those licenses and then any subsequent licenses check
12 the website for the policy, because we will expect
13 once that policy goes into effect, it will be adhered
14 to with respect to how conduct between the Board, the
15 Board staff, and various applicants will be conducted
16 during the period once the application is considered

17 up and through our decision.

18 I don't know whether we need that in the
19 form of a motion or just as a reflection in these
20 minutes.

21 CHAIRMAN DECKER: Probably we will do it
22 when we pass -- whatever we're going to have as our
23 policy.

24 COMMISSIONER MARSHALL: Just trying to
25 make sure everybody is --

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1 CHAIRMAN DECKER: Just be aware of it. The
2 other thing I wanted to mention -- we talked about
3 this a couple of times today, but tomorrow the
4 comments on Category 1 proposed regs ends. If they
5 haven't gotten in and you want to comment, please get
6 them in by tomorrow.

7 Now, I understand since we've passed these
8 motions in light of the Board's vote, we need to
9 enter the following order into the record and let me
10 read that for the Board.

11 It is ordered that, one, that the Board
12 acting under the authority that the Pennsylvania
13 State Horse Racing Development and Gaming Act adopts
14 as its final form temporary regulations -- as its
15 final form temporary regulations, the draft
16 regulations adopted by resolution at the June 16th,

17 2005 Pennsylvania Gaming Control Board meeting.

18 The temporary regulations, which are
19 attached hereto and incorporated here in Exhibit 1 of
20 this order, concern general administrative practice
21 and procedure before the Pennsylvania Gaming Control
22 Board and the specific licensing standards for gaming
23 equipment manufacturers.

24 Two, the Board's final form temporary
25 regulations are designated as Title 58, recreation,

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1 Part 7, Gaming Control Board. Subpart A, general
2 provisions, specifically Chapter 401, preliminary
3 provisions --

4 COMMISSIONER DiGIACOMO COLINS: Why don't
5 you incorporate by reference those issues cited in
6 the regulations.

7 CHAIRMAN DECKER: Well, let me just go
8 through it. It's only going to take a minute.
9 Chapter 403, Board operations and organization;
10 Chapter 407, public access to Board records.

11 Subpart B, licensing registering and
12 permitting, specifically Chapter 421, general
13 provisions; Chapter 423, applications; Chapter 427,
14 manufacturer licenses; Chapter 433, license renewal
15 as applies to manufacturers; and Chapter 435,

16 employees as applies to manufacturers.

17 And Subpart D, recordkeeping, specifically
18 Chapter 451, licensed recordkeeping requirements; and
19 Subpart E, slot machine testing and certifications,
20 specifically Chapter 461, slot machine testing and
21 certification requirements; and Subpart F, fees,
22 specifically Chapter 471, filing fees as applies to
23 manufacturers.

24 Subpart G, minority and women's business
25 enterprises, specifically Chapter 481, general

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1 provisions; and Subpart H, practice and procedures,
2 specifically Chapter 491, general rules of practice;
3 Chapter 495, documentary filings; Chapter 497, time;
4 and Chapter 499, representation before the Board.

5 Three, temporary regulations are effective
6 as of the date of this order. Four, the temporary
7 regulations shall be posted in their entirety on the
8 Board's website and the Pennsylvania Bulletin.

9 Five, the temporary regulations shall be
10 subject to amendment as deemed necessary by the Board
11 in accordance with the purpose of the Act and in
12 order to further the intent of the Act.

13 Do we need a resolution for this, Mary?

14 COMMISSIONER DiGIACOMO COLINS: No. That's
15 the order of the Board.

16 CHAIRMAN DECKER: Okay. It's attached.

17 Thank you. Okay.

18 COMMISSIONER DiGIACOMO COLINS: Thank you.

19 CHAIRMAN DECKER: Thank you. Anything else
20 on regs?

21 COMMISSIONER DiGIACOMO COLINS: No.

22 CHAIRMAN DECKER: You're also starting to
23 work on other regulations now. Could you talk about
24 those?

25 COMMISSIONER DiGIACOMO COLINS: We're in

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1 the midst of the Category 2s and Category 3s and the
2 vendors right now.

3 CHAIRMAN DECKER: Okay. The next item on
4 the agenda is Gaming Diversity Forum. The idea --
5 this idea has been discussed among the Board Members.
6 It's for the Board to host a gaming diversity forum
7 aimed at encouraging as diverse a group of people as
8 possible to be involved in becoming -- involved in
9 gaming.

10 The first set of -- the first forum --
11 we're going to do a series of these things, I
12 believe, and the first is going to be on suppliers of
13 slot machines in Pennsylvania.

14 The concept grew out of an opportunity

15 created by, obviously, Act 71 to create new business
16 entities in the state through the establishment of,
17 in particular, suppliers.

18 I would like to take a minute to give you
19 an overview of our preliminary thoughts on what a
20 gaming diversity forum would look like.

21 First, we are considering holding the
22 session sometime in September. The preliminary
23 agenda calls for a three-hour session focusing on
24 three specific areas.

25 The first area would be an overview of

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1 gaming in Pennsylvania. This panel discussion would
2 provide a general overview of how gaming is expected
3 to operate in Pennsylvania.

4 Among the participants on the panel would
5 be members of the Board, hopefully a gaming
6 consultant, a gaming regulator from another
7 jurisdiction, and representatives from a
8 manufacturing company and racino.

9 Second, we are contemplating a session on
10 advancing diversity among manufacturers and
11 suppliers.

12 The focus of this discussion would be on
13 the process to obtain licenses and how to advance
14 diversity in the licensing process.

15 In addition to an explanation of
16 Pennsylvania's regulatory scheme, the panel would
17 take a closer look at the diversity plans applicants
18 for licensing are required to prepare and submit to
19 the Board.

20 The panel would likely feature members of,
21 again, the Gaming Control Board and representatives
22 from other gaming jurisdictions who have successfully
23 accomplished this.

24 The third session under consideration is
25 preparing to do business. This session would provide

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1 attendees with practical advice for getting prepared
2 to do business as a gaming supplier.

3 From financial requirements to available
4 assistance, the panel would concentrate on giving
5 audience members the how to for setting up a supplier
6 company.

7 Panelists will likely include, again,
8 Gaming Control Board Members, finance
9 representatives, and experts on minority and women
10 business enterprises. As we develop this, we'll
11 provide more information on our plans for this forum.

12 Any questions about that?

13 Okay. The next item on the agenda is -- I

14 guess maybe it's the last item on the agenda will be
15 to hear from Commissioners McCabe and Rivers and
16 Commissioner Colins can chime in as well. All three
17 just returned from the North American Gaming
18 Regulators Association Conference in Halifax, Nova
19 Scotia. I've asked them to talk about this
20 experience.

21 Ken or Sandy, who wants to start? Ken?

22 COMMISSIONER McCABE: Thank you,
23 Mr. Chairman.

24 As Chairman Decker said, Commissioner
25 Colins, Commissioner Rivers, and myself attended a

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1 conference of the North American Gaming Regulators
2 Association in Halifax, Nova Scotia at the end of
3 last week, over the weekend, and into this week.

4 We found the conference to be very
5 beneficial to us. Regulators from all over North
6 America were there, along with representatives from
7 the industry.

8 One thing I took away, again, from this
9 conference was the openness and willingness of all of
10 the jurisdictions that already have gaming, their
11 willingness to help us get started, do it right and
12 learn from their mistakes.

13 It was a great networking experience for

14 us, meeting people, and exchanging ideas. One of the
15 things we learned in Nova Scotia which -- where this
16 was held, which has a population of approximately
17 960,000 people, they've had gaming from 1996.

18 From '96 to 2004, they had an 8 percent
19 annual growth in revenue from \$727 million to \$1.5
20 billion a year. This is on a total of 1,125 slot
21 machines.

22 They had different breakout sessions that
23 different Commissioners attended. I attended the one
24 breakout session about the investigators.

25 During this breakout session, we talked

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1 about the trends that the regulators and
2 investigators are seeing across the country. I'll
3 touch on some of those trends briefly here.

4 One of the major trends that is concerning
5 the regulators throughout the country that I know we
6 haven't discussed at all is the Texas Hold'em
7 tournaments, that these Texas Hold'em tournaments are
8 taking off.

9 There's a possible sponsorship by major
10 companies, the need to regulate these tournaments and
11 to collect the taxes for them. That's something I
12 don't think that we're going to concern ourselves

13 with. However, it was a major theme of this
14 conference.

15 We saw that all of the investigators that
16 were present there, they were law enforcement
17 officers and they freely exchanged information back
18 and forth between the different states.

19 The comments directed towards us,
20 Pennsylvania, was that they believe with us not
21 having table games, if we go to ticket in/ticket out,
22 we will eliminate most of the problems that they see
23 and they have to face criminally within the casino.

24 Also, we attended a breakout session on
25 responsible gaming. Responsible gaming is a concern,

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1 again, across the nation. There are different
2 techniques that these different casinos are employing
3 to make people aware of what is actually happening.

4 We picked up some brochures that were
5 located throughout the -- there was one casino in
6 Halifax, Problem Gaming, What Do you Know about the
7 Odds.

8 Nova Scotia has written a five-year plan on
9 how to address problem gaming. What the
10 manufacturers have done on some of the machines there
11 and throughout the other places in the country is
12 they have pop-ups to alert the people, a clock to

13 tell them how long they have been gambling.

14 There's a technique where they do a
15 self-imposed time-out, where after so long on a
16 machine, the machine will force you to cash out and
17 have you walk away for a little while.

18 In addition, scrolling across the top of
19 the slots is a number to call if you have -- in fact,
20 believe you have a gaming problem and it's constantly
21 scrolling across there.

22 We had a private tour behind the house at
23 the one casino in Halifax. Again, I think I took
24 away the excellent job that the industry is doing,
25 trying to police itself to keep crime, criminals out

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1 of their business.

2 They suggested and recommended that we
3 start off going digital right from the very
4 beginning. That will help us out tremendously. I
5 think that's about it that I want to report.

6 CHAIRMAN DECKER: Sandy or Mary, do you
7 want to add anything to it?

8 COMMISSIONER RIVERS: I'm not sure if
9 there's anything left. I think Commissioner McCabe
10 did an outstanding job of talking about what we
11 witnessed at the conference.

12 I think the thing that I walked away from
13 with was the fact that a lot of the people are
14 supportive of what we're doing here in Pennsylvania
15 and gave us a lot of information regarding the
16 central computer and the advantages of that, as well
17 as making sure there's some addendums added to it so
18 that in the future, usage of the central computer,
19 that we're able to take advantage of the technology
20 five years down the road, ten years down the road.

21 I think the advent of the ticket in/ticket
22 out seems to be the wave of the future. They were
23 very adamant about as you start this business, it's
24 probably the best way and the most efficient way to
25 go, because it helps in a variety of ways not only in

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1 the case of thievery but also in the case of
2 unemployment compensation and in terms of injuries.

3 We also looked at some video lottery
4 terminals. I guess I was personally surprised as to
5 the extent of these VLTs that they use in Canada.

6 One of the things that we found most
7 interesting was the fact that the Canadian Government
8 themselves and in the individual provinces control
9 the casinos. They control the slot machines. They
10 control the video lottery terminals also.

11 They talked about rules and regulations. I

12 think they gave us some insight in terms of where we
13 are and what we are doing, and it made us feel good
14 that we are on the right path and traveling down the
15 right road.

16 Ken talked about the gambling addiction
17 problem. It is a big problem and a growing problem
18 in the provinces, especially Canada.

19 One of the things I noticed as we did the
20 tour of the casino is that all of the tables and the
21 rest of the casino, there is signage. There is
22 signage that talks about gambling and the addiction,
23 not only addiction in terms of gambling but also with
24 alcoholism. So they are concerned about that
25 particular issue.

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1 Ken mentioned that we had a chance to see
2 the surveillance room. We also had a chance to visit
3 the surveillance room that the Bureau of
4 Investigation and Enforcement also has.

5 We were given a bird's eye view of what
6 they had. In addition to that, we saw the in-house
7 repair facilities, the in-house testing facilities.
8 So that if there's a problem or an issue on the
9 testing floor, that they have employees right there
10 housing the casinos 24 hours a day who can go out and

11 test the machine or go out and validate a machine.

12 I thought that was a very good thing to
13 have because, there again, it showed the integrity.
14 That was one of the key issues that they talked
15 about, the integrity of this process.

16 I think that they passed a lot of that
17 information on to the three of us. If there was a
18 negative to the trip, there was also a conference in
19 sunny Puerto Rico, where the temperature was about 90
20 degrees.

21 As we boarded the airplane to come back to
22 Pittsburgh, there was this ominous sight. There were
23 these airplane workers dressed in hoods, double
24 coats, and gloves, walking around and saying, oh, how
25 beautiful Canada is.

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1 I think Ken and I especially said how good
2 it is we're going back to America where we understand
3 the temperature here in Harrisburg was in the high
4 80s, 90s, and the humidity was equally as high.

5 Ken complained about his back as the fog
6 rolled in from the ocean. When he arrived back here
7 in good old America, he said, oh, Sanford, I feel so
8 good to be home.

9 There was a positive spin that the three of
10 us put it all in for the State of Pennsylvania.

11 Thank you.

12 COMMISSIONER DiGIACOMO COLINS: I would
13 just like to add that I obviously chose the wrong
14 conference.

15 CHAIRMAN DECKER: The trips that we have
16 gone on, some of them are conferences, some of them
17 aren't, have really helped us understand the gaming
18 industry a lot better.

19 In particular, many of us went to New
20 Jersey and Nevada; and I think the more we do this,
21 the better our understanding is of what is going on
22 in the gaming industry.

23 There's another big conference. I think
24 it's a worldwide conference coming up in September
25 which we plan to go to. We're going to continue to

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1 do this as a part of our continuing education, since
2 we didn't know much about gaming before we took this
3 job. We're gradually getting a little more educated.

4 Thank you for the report.

5 There's one other item on the agenda that I
6 want to mention. At the time of our meeting in
7 Pittsburgh, some of you were not there, we passed a
8 resolution stating that no one could come to the
9 meeting dressed in their pajamas. We're going to

10 enforce that at the next meeting. That's a joke for
11 those of you who are out there. We're taking a shot
12 at someone in the audience.

13 COMMISSIONER COY: It's bad when you have
14 to indicate that it is a joke.

15 CHAIRMAN DECKER: I know. That's why I'm
16 laughing. My sense of humor is often not that great.

17 Is there any other business to come before
18 the meeting?

19 TREASURER CASEY: Mr. Chairman, I've got
20 one --

21 CHAIRMAN DECKER: Please, Treasurer Casey.

22 TREASURER CASEY: One quick comment, which
23 I want to go back to the diversity forum. Just a
24 suggestion, one thing I thought of when I was looking
25 at the overview of the forum, I think it's a great

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1 idea, first of all, to have it.

2 In my other job as Auditor General, we had
3 done a report about Pennsylvania's enforcement of
4 laws and regulations dealing with minority-owned and
5 women-owned and there were a lot of problems that we
6 pointed out.

7 Governor Rendell's administration took that
8 report and took a lot of other information and I
9 think has done marvelous work in terms of making sure

10 that some of the problems pointed out in that report
11 are fixed and also broadening the amount of contracts
12 that are covered by those provisions.

13 I think for the forum, if someone on the
14 Board or someone on the staff could involve or at
15 least talk to a number of people, it would probably
16 be someone in the Department of General Services.

17 CHAIRMAN DECKER: That's a great idea.
18 We'll definitely do that because we haven't done that
19 before.

20 TREASURER CASEY: They're dealing with
21 these issues all of the time. I think they've done a
22 great job of getting a lot of opinion from around the
23 state about what the best way is to involve more
24 minority-owned and women-owned firms in the State
25 Government. I think it would have application here.

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1 CHAIRMAN DECKER: This forum came from the
2 questions that I think all of us have received as
3 we've traveled around the state and met with people.

4 You know, how do we get involved? How does
5 someone get involved as a supplier or a vendor
6 contractor?

7 It's a very good question. Frankly, I
8 didn't have an answer. So part of this idea of the

9 forum is to get people together so they can interact
10 and meet one another and try to provide some
11 opportunity that way.

12 We're going to see what else we can do. By
13 Statute, we're not allowed to refer people back and
14 forth as appropriately so. You know, if there's
15 another agency out there or something that could be a
16 focal point, we would encourage that. The forum is
17 to sort of get this started.

18 Your point is well-taken, Bob. We'll look
19 at that because we don't want to, again, reinvent the
20 wheel anymore than we have to.

21 We don't take public comment. I'm sorry.

22 AUDIENCE MEMBER: How can we make comment
23 on some of the things that have been said here today
24 that is very, very, very confusing to the people?

25 CHAIRMAN DECKER: Sir, I'm sorry. We don't

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1 take public comment.

2 Any other questions from the people on the
3 Board? No?

4 Okay. What you can do, without any
5 question, Nick Hays is here, who is the head of our
6 communications. You can contact Nick Hays with any
7 questions or comments that you have. We would be
8 happy to do that.

9 COMMISSIONER MARSHALL: Raise your hand,
10 please, Nick.

11 CHAIRMAN DECKER: I'm sorry. Nick, raise
12 your hand.

13 Is there any new business? Last time, any
14 new business?

15 Okay. Following this meeting, the Board
16 will hold an Executive Session for the purpose of
17 discussing personnel matters and conducting
18 interviews. No business will be conducted during the
19 Executive Session.

20 The Board's next public meeting is
21 scheduled for July 7th at 10:00, but look for the
22 announcement because we may have to move to 9:00. It
23 will be in Harrisburg.

24 Is there any -- do we have a motion
25 adjourning the meeting?

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1 COMMISSIONER COY: So moved.

2 CHAIRMAN DECKER: Second?

3 COMMISSIONER McCABE: Second.

4 CHAIRMAN DECKER: All in favor?

5 COMMISSIONERS: Aye.

6 CHAIRMAN DECKER: The meeting is adjourned.

7 Thank you very, very much.

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(The meeting concluded at 10:47 a.m.)

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

Hillary M. Hazlett, Reporter
Notary Public

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