

PENNSYLVANIA  
GAMING CONTROL BOARD MEETING

NOVEMBER 21, 2006

AT 1:19 P.M.

PENNSYLVANIA STATE MUSEUM  
AUDITORIUM  
HARRISBURG, PENNSYLVANIA

APPEARANCES:

THOMAS DECKER, CHAIRMAN  
RAYMOND S. ANGELI, MEMBER  
MARY DiGIACOMO COLINS, MEMBER  
JEFFREY W. COY, MEMBER - TELEPHONICALLY  
JOSEPH W. MARSHALL, III, MEMBER - TELEPHONICALLY  
KENNETH T. McCABE, MEMBER  
SANFORD RIVERS, MEMBER  
GREGORY C. FAJT, SECRETARY OF REVENUE

LORRAINE T. HERMAN, RPR  
NOTARY - REPORTER

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1                   CHAIRMAN DECKER: Good afternoon. I am  
2                   Tad Decker, Chairman of the Pennsylvania Gaming  
3                   Control Board. I would like to welcome you all  
4                   to this Board Meeting, not only the Board Members  
5                   but the public as well.

6                   A quorum of the Board is present. This  
7                   meeting is called to order. We have on the phone  
8                   with us Commissioners Marshall and Coy. Are you  
9                   both there?

10                  COMMISSIONER COY: Yes.

11                  COMMISSIONER MARSHALL: Present, Mr.  
12                  Chairman.

13                  CHAIRMAN DECKER: So I just wanted to  
14                  confirm we have a quorum.

15                  As always, let me ask members of the  
16                  Board and of the audience to turn off their cell  
17                  phones, Blackberries, etcetera, because they can  
18                  interfere with our sound system. Thank you.

19                  Please note Treasurer Casey is not here  
20                  today, and as you know, he will be taking a new  
21                  job soon, and my fellow Board Members and I want  
22                  to offer him our congratulations on his election  
23                  to the U.S. Senate.

24                  Terry Kostoff from the Treasurer's  
25                  office is here today. Terry? I would like to

1 note that Terry is retiring after -- what is it,  
2 65 years? Close to that with the Pennsylvania  
3 state government in various capacities. So  
4 Terry, we all want to wish you good luck and we  
5 want to thank you for all of your past help with  
6 us -- your help with us in the past. It's been  
7 very, very helpful.

8 Let's start with the pledge of  
9 allegiance as we usually do.

10 (Pledge of allegiance.)

11 CHAIRMAN DECKER: Thank you.

12 All right. By way of old business, I  
13 think everyone's aware that we have completed our  
14 Category II suitability hearings for Pittsburgh,  
15 although there are some items that still remain  
16 open, and they will be sorted out in the next few  
17 weeks.

18 In December we will be holding -- hey,  
19 Greg -- Greg Fajt just joined us, for those of  
20 you on the phone. In December, we will be  
21 holding similar hearings on the at-large Category  
22 II applicants and, as everybody knows, we had the  
23 Philadelphia hearings a few weeks ago.

24 The Board has transcript and minutes of  
25 the October 25th meeting. May I have a motion to

1 approve them?

2 COMMISSIONER McCABE: Mr. Chairman, I  
3 move that we approve the transcript and minutes  
4 of the October 25th meeting.

5 COMMISSIONER MARSHALL: Second.

6 CHAIRMAN DECKER: Thank you. Any  
7 questions or comments?

8 THE BOARD: [NO RESPONSE]

9 CHAIRMAN DECKER: All of those in favor,  
10 please indicates by saying aye.

11 THE BOARD: Aye.

12 CHAIRMAN DECKER: Any opposed?

13 THE BOARD: [NO RESPONSE]

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

16 New business. Moving right along. I am  
17 going to turn it over to our Executive Director,  
18 Anne Neeb. Anne?

19 MS. NEEB: Good afternoon. This isn't  
20 on. Okay. We're on. Okay.

21 Good afternoon, Chairman Decker and  
22 Members of the Board. I have several  
23 budget-related agenda items for your  
24 consideration today, but before I present those,  
25 I would like to report on last week's opening of

1 Pennsylvania's first slot facility.

2 As you all know, Mohegan Sun at Pocono  
3 Downs in Plains Township, Lackawanna County,  
4 opened its doors to the public last Tuesday  
5 following the successful completion of two test  
6 nights, which were overseen by Commissioner Ray  
7 Angeli and our Board staff.

8 There was a tremendous amount of  
9 excitement leading up to Mohegan Sun opening,  
10 both in Wilkes-Barre area, where thousands of  
11 people attended the Grand Opening and here at the  
12 PGCB, where it marked an important milestone in  
13 our efforts to bring the benefits of expanded  
14 gaming to the people of Pennsylvania.

15 By all accounts, the first week of slots  
16 in Pennsylvania was a tremendous success and an  
17 indication of the benefits to come. Here are  
18 some of the numbers: The two test nights  
19 generated \$40,000 for local United Way agencies  
20 in northern eastern Pennsylvania; 35.8 million  
21 was wagered through the week; 1.2 million will go  
22 to the state for property tax relief; 150,000  
23 will go to local communities; 187,000 will go  
24 toward economic development; 450,000 will go  
25 toward revitalizing Pennsylvania's horse racing

1 industry through larger purses and benefits to  
2 horsemen and horsewomen; finally, more than 400  
3 new jobs have been created, with more to come  
4 when the permanent facility is built.

5 As I indicated at last month's Board  
6 Meeting, numerous PGCB employees, including BIE,  
7 licensing, BCCIC, chief counsel's office and  
8 gaming lab staff were directly involved in this  
9 opening. These employees, many of whom spent  
10 several weeks at the facility, sacrificing time  
11 away from their families, contributed  
12 immeasurably to the success of the opening.

13 Prior to the Mohegan opening, several of  
14 the Board's staff had experienced opening casinos  
15 in other states. These individuals shared their  
16 knowledge and expertise with their co-workers,  
17 and we now have more than 20 staff, who have  
18 gained valuable firsthand experience in opening a  
19 slots facility. This experience will be critical  
20 as the Board moves forward with the opening of  
21 other facilities in the coming months.

22 After each opening, as was the case in  
23 Mohegan Sun, several BIE and BCCIC staff will  
24 remain at the facility to ensure compliance with  
25 the Act and the Board's regulations. Their

1 primary focus will be in the area of compliance  
2 enforcement, including security and surveillance  
3 and internal auditing controls.

4 Other duties will include monitoring the  
5 movement of slot machines and associated  
6 equipment. Several staff members who assisted  
7 with the Mohegan Sun opening have switched gears  
8 and are already working at Philadelphia Park  
9 Casino in preparation for that opening in  
10 mid-December.

11 In closing, I would like to commend the  
12 Board as well as our hard-working and dedicated  
13 staff for their efforts over the past two years  
14 that have resulted in this historic opening of  
15 Pennsylvania's first slot facility.

16 A lot of hard work has gotten us to this  
17 point, and I know everyone is prepared to do what  
18 it takes to award 14 slot machine licenses and  
19 get those facilities up and running.

20 This concludes my report and would be  
21 happy to entertain any questions before I move on  
22 to the budget items.

23 CHAIRMAN DECKER: Any questions for  
24 Anne? Most of us were up there. Another thank  
25 you to Commissioner Angeli. Ray did a great job

1 being up there and learned a lot.

2 COMMISSIONER ANGELI: Thank you.

3 CHAIRMAN DECKER: He is ready to run a  
4 casino now, I think, after two years of  
5 prohibition, of course.

6 I would also like to thank the State  
7 Police, who have been a big help. I don't know  
8 if anybody is here from the State Police -- oh,  
9 gees.

10 CAPTAIN ALLUE: Chairman.

11 CHAIRMAN DECKER: I thought you came  
12 with us. No, only joking. I looked right past  
13 you. We want to thank you and your staff and the  
14 Sergeant up there whose name -- I forget his  
15 name.

16 CAPTAIN ALLUE: Frank Deandrea.

17 CHAIRMAN DECKER: Yes. Did just a  
18 terrific job. We look forward to the opening of  
19 Philly Park with you all and Chester. So we are  
20 very happy. Of course, our staff did a marvelous  
21 job too so we are really pleased.

22 Okay, Anne, next topic, I guess.

23 MS. NEEB: We will move on to the  
24 budgets right now. I would like to introduce  
25 David Rhen, the manager of internal budgets, who

1 will present an overview of the budgets of the  
2 Pennsylvania State Police, the Department of  
3 Revenue and the Pennsylvania Gaming Control  
4 Board.

5 We are requesting that the Board approve  
6 these budgets in three separate motions, with  
7 three separate orders. So I am going to go ahead  
8 and turn it over to David.

9 CHAIRMAN DECKER: David.

10 MR. RHEN: Good afternoon.

11 As Anne mentioned, I am here today to  
12 present to you the fiscal year 2006/2007 budgets  
13 for the Board and its partner agencies, the  
14 Department of Revenue and the Pennsylvania State  
15 Police.

16 As you are aware, it is a requirement  
17 that the Board approve budgets prior to  
18 initiating deductions from the operator escrow  
19 accounts in order to fund our operations.

20 To this point, we have operated with  
21 funds from an initial loan from the general fund  
22 and a portion from the Pennsylvania State  
23 Police's General Government Operations budget.  
24 These funds will provide a portion of our  
25 budgeting for the current fiscal year; however,

1 we will also rely on revenue from the operators  
2 for a portion of our budget moving this year and  
3 entirely in future fiscal years.

4 The combined budgets of PSP, DOR and the  
5 Board are \$43.4 million. Of this amount, \$30.5  
6 million or 7% will be dedicated to personnel  
7 needs, with the remaining 30% or \$12.9 million  
8 for operations.

9 The combined complement of the agency  
10 stands at approximately 270 employees. This  
11 year's budget will be supported primarily by the  
12 original general fund loans in the amount of  
13 \$16.7 million, casino chargebacks against the  
14 escrow accounts in the amount of \$16.3 million,  
15 the PSP General Government Operations loan is  
16 \$6.2 million, and the remainder will come from  
17 investigative fees earned by the Bureau of  
18 Investigation and Enforcement and the  
19 manufacturer and supplier license fees.

20 At this point, I would like to give each  
21 agency an opportunity to present their budget, so  
22 at this point I am going to turn it over to  
23 Captain Allue to present the State Police and  
24 then Stacie Amsler of the Department of Revenue  
25 to follow up with their budget.

1                   CHAIRMAN DECKER: Thank you. Captain  
2 Allue.

3                   CAPTAIN ALLUE: Good afternoon, Chairman  
4 Decker and Commissioners. Thank you for the  
5 opportunity to be here today.

6                   The proposed Pennsylvania State Police  
7 Gaming Enforcement Office Budget for fiscal year  
8 2006/2007 totals \$10,126,000. This budget  
9 request is based on State Police gaming office  
10 resource requirements for the casinos planned  
11 openings for this fiscal year.

12                   State Police continues to work closely  
13 with  
14 Mr. Rhen and others on your staff to ensure we  
15 meet our common goals in a fiscally-prudent  
16 manner.

17                   Of the budget request, 89% is associated  
18 with personnel costs and 11% is associated with  
19 operating costs. Operating costs include  
20 resources, such as radio equipment,  
21 fingerprinting equipment, vehicles, telephone  
22 equipment, computers, software and hardware and  
23 everything associated with that, data circuits  
24 and networks, as well as all of the other  
25 infrastructure that is associated with that

1 equipment.

2           Once we progress beyond the initial  
3 startup phase of establishing these new offices,  
4 future operating costs we anticipate will be  
5 reduced because we will move into an area of  
6 recurring service costs and simply replacement of  
7 expendable supplies and wornout furniture or  
8 wornout items as would become necessary in the  
9 future.

10           The resource funding for this budget is  
11 \$4 million from casino chargeback and, as Mr.  
12 Rhen indicated, the remainder from the State  
13 Police General Government Operations funding.

14           If the Board has any questions, I would  
15 be more than happy to try to address those.

16           CHAIRMAN DECKER: Please.

17           COMMISSIONER McCABE: Yes, Captain, the  
18 equipment you are purchasing, are you purchasing  
19 enough equipment to get -- in anticipation of the  
20 six other -- the total of six racetracks that we  
21 have licensed up and running within the next  
22 year?

23           CAPTAIN ALLUE: Yes, we are anticipating  
24 and we are being proactive with that purchasing.  
25 We are working with Mr. Rhen and Executive

1 Director Neeb to ensure the funding is in place,  
2 but also to ensure that we get that equipment in  
3 a timely manner.

4 COMMISSIONER McCABE: Are you purchasing  
5 any equipment for the stationary, stand-alone  
6 casinos?

7 CAPTAIN ALLUE: At this point we are  
8 not, sir. We are looking forward to December  
9 20th, but generally speaking, we can anticipate  
10 the staffing being similar to what we have in the  
11 racetrack casinos, and a lot of it would depend  
12 on the sites themselves and the office  
13 accommodations that can be provided.

14 CHAIRMAN DECKER: We would -- we would  
15 concur with you on that, Captain.

16 CAPTAIN ALLUE: Okay. Very good, sir.

17 CHAIRMAN DECKER: And one of the things,  
18 if you can -- you've probably already been  
19 following it, but if you haven't, get a look at  
20 the time line, somebody did this the other day  
21 for us for each of the applicants, and I think  
22 that will help you, kind of -- you know, give you  
23 an idea when some of them are planning to come up  
24 if they get a license.

25 CAPTAIN ALLUE: Absolutely.

1                   CHAIRMAN DECKER: Then you can sort  
2 of -- obviously, are going to get together when  
3 we look at next year's budget as well. Okay?

4                   CAPTAIN ALLUE: Very good.

5                   CHAIRMAN DECKER: Just so people know,  
6 we have 14 per casino. Correct? I mean, 14  
7 state troopers per casino, roughly. Right?

8                   CAPTAIN ALLUE: Yes, sir.

9                   CHAIRMAN DECKER: Unless you don't want  
10 to go into the details.

11                  CAPTAIN ALLUE: Well, we prefer not to  
12 go into the details, particularly with  
13 scheduling.

14                  CHAIRMAN DECKER: Okay. I want to make  
15 sure that people understand that the majority of  
16 the personnel here are out in the field.

17                  CAPTAIN ALLUE: That is correct.

18                  CHAIRMAN DECKER: I should have just  
19 said it that way.

20                  CAPTAIN ALLUE: And we want to ensure,  
21 for public safety, that there will be troopers on  
22 site 24/7 --

23                  CHAIRMAN DECKER: Right.

24                  CAPTAIN ALLUE: So that we can ensure  
25 the safety of the public.

1           CHAIRMAN DECKER: Right. Particularly  
2 as we start opening these up.

3           CAPTAIN ALLUE: Yes, sir.

4           CHAIRMAN DECKER: Okay. Good. Anything  
5 else for Captain Allue?

6           THE BOARD: [NO RESPONSE]

7           CHAIRMAN DECKER: Okay. Captain Allue,  
8 thank you.

9           CAPTAIN ALLUE: Thank you.

10          CHAIRMAN DECKER: Okay. Back to you,  
11 David.

12          MR. RHEN: Next, Stacie Amsler is going  
13 to present the Department of Revenue's budget.

14          COMMISSIONER ANGELI: Are we going to  
15 approve these one at a time?

16          CHAIRMAN DECKER: Why don't we go  
17 through them all and then approve them one at a  
18 time? Is that okay? Get all of the questions  
19 out of the way, if that is all right.

20                 Is that different than what we have on  
21 the schedule here? I'll tell you what, you've  
22 raised a good point. Let's do it this way. Go  
23 ahead.

24          COMMISSIONER COY: [INAUDIBLE]

25          CHAIRMAN DECKER: I'd entertain a motion

1 to approve the Pennsylvania State Police budget.

2 COMMISSIONER COY: Mr. Chairman, I move  
3 for approval of that budget.

4 CHAIRMAN DECKER: Thank you.

5 COMMISSIONER MARSHALL: And I will  
6 second it.

7 CHAIRMAN DECKER: Thank you,  
8 Commissioners. Any further questions?

9 THE BOARD: [NO RESPONSE]

10 CHAIRMAN DECKER: All of those in favor,  
11 please indicate by saying aye.

12 THE BOARD: Aye.

13 CHAIRMAN DECKER: Any opposed?

14 THE BOARD: [NO RESPONSE]

15 CHAIRMAN DECKER: Thank you. The motion  
16 carries. Thank you.

17 Let's move on to the next one then. We  
18 will do it that way.

19 MS. AMSLER: Good afternoon, Chairman  
20 Decker --

21 CHAIRMAN DECKER: Thank you.

22 MS. AMSLER: -- Members of the Board. I  
23 am Stacie Amsler, and I am the Director of Fiscal  
24 Management for the Department of Revenue, and I  
25 will present the Department's budget request for

1 fiscal year '06 and '07.

2 As you know, under Act 71, the  
3 department is tasked with the procurement and  
4 operation of the central control computer system,  
5 as well as the collection and distribution of the  
6 taxes and assessments imposed by the Act.

7 In order to complete these tasks, we  
8 were requesting total funding for '06/'07 to be  
9 \$6,890,810. Since we have some original  
10 appropriation authorized in the Act remaining,  
11 our administrative chargeback to the casinos  
12 totals \$1,142,000. Our funding is distributed as  
13 follows: \$1,205,481 for personnel costs and  
14 \$5,685,329 for operating costs.

15 The Department's personnel costs include  
16 36 positions for '06/'07. To date, we hired 14  
17 individuals. We anticipate hiring another  
18 accountant and clerk typist to assist with the  
19 collection and distributions of the taxes and  
20 assessments and 20 audit staff before the end of  
21 this fiscal year.

22 Our operating costs include the costs of  
23 the central control system, estimated at  
24 approximately \$4,771,000, \$500,000 for change  
25 orders for that system, furniture and occupancy

1 costs for the additional positions of \$160,000;  
2 travel costs of 28,000 and bank fees of  
3 approximately \$8,500. We have already incurred  
4 \$211,000 for a compliance system tax clearance  
5 system.

6 Thank you for the opportunity to allow  
7 me to present our budget, and I will entertain  
8 any questions.

9 CHAIRMAN DECKER: Thank you. Any  
10 questions?

11 THE BOARD: [NO RESPONSE]

12 CHAIRMAN DECKER: I have one. How long  
13 have you been with the Department of Revenue?

14 MS. AMSLER: Six years.

15 CHAIRMAN DECKER: And we haven't hired  
16 you yet? Something must be wrong with that.

17 MS. AMSLER: The Secretary won't let me  
18 go.

19 CHAIRMAN DECKER: Okay.

20 SECRETARY FAJT: We have indentured  
21 servitude.

22 CHAIRMAN DECKER: There is somebody  
23 left? I thought nobody worked -- I thought we  
24 hired everyone.

25 SECRETARY FAJT: She hasn't been in

1 front of you before, so I'm sure the offers will  
2 commence as soon as the meeting is over.

3 CHAIRMAN DECKER: Okay. Okay.

4 Okay. I would entertain a motion to  
5 approve the budget of the Department of Revenue.

6 COMMISSIONER ANGELI: Mr. Chairman, I  
7 move that we approve the Department of Revenue  
8 budget for 2006/2007.

9 CHAIRMAN DECKER: Do we have a second,  
10 please?

11 COMMISSIONER MARSHALL: Second.

12 CHAIRMAN DECKER: Thank you. All of  
13 those in favor, please indicate by saying aye.

14 THE BOARD: Aye.

15 CHAIRMAN DECKER: Any opposed?

16 THE BOARD: [NO RESPONSE]

17 CHAIRMAN DECKER: Thank you. The motion  
18 carries. Thank you. David, who is next?

19 MR. RHEN: I'm up.

20 For fiscal year 2006/2007, we are  
21 requesting a budget for the Board in the amount  
22 of \$26.4 million. This budget is based on the  
23 resources necessary to achieve the objectives of  
24 the Board, including continuing the casino  
25 licensing process and background investigations,

1 opening licensed casinos and shifting more  
2 heavily into enforcement responsibilities.

3 Of this year's budget, \$20.3 million or  
4 roughly 77% is for personnel. These funds will  
5 support the salaries of 188 current employees and  
6 potentially 282 employees by the end of the  
7 fiscal year. The operating budget is remaining,  
8 the \$6.1 million of this year's budget, and I  
9 would like to go into a discussion, briefly, on  
10 some of the operating expenditures.

11 The largest single item would be for  
12 specialized services, and this will be  
13 approximately 20% of our budget. This includes  
14 the directors and officers insurance, employee  
15 background checks, completed by independent  
16 vendors, comptroller services and other services  
17 provided by other state agencies. Another 45% of  
18 our budget will be roughly divided between real  
19 estate, furniture and I.T.

20 We are currently occupying space in  
21 Pittsburgh, Conshohocken and Harrisburg, as you  
22 know. And we will soon have new space for our  
23 offices for the Office of Hearing and Appeals and  
24 the Gaming Lab in Harrisburg.

25 In addition, we will need to spend quite

1 a bit on furniture to equip our new offices and  
2 to procure the I.T. needs for the new staff.

3 The I.T. budget is also made up largely  
4 of the expenses that are going to the SlotsLink  
5 computer system, which Jim Buck has presented in  
6 previous meetings.

7 In addition, we have set aside  
8 approximately 5% or \$300,000 of our budget for  
9 traveling needs. The staff and Board is having  
10 to do a tremendous amount of travel to get  
11 everything in order for the opening of the  
12 racinos, and the Board has been in Harrisburg  
13 quite a bit, as you know, for meetings and for  
14 hearings.

15 Finally, the remainder of our budget is  
16 set aside for the funding of vehicles, which are  
17 used to travel for investigations and to the  
18 casinos, office supplies and equipment, phones  
19 and a contingency for potential legal expenses.  
20 That completes my remarks and --

21 CHAIRMAN DECKER: Thank you. Any  
22 questions for David?

23 COMMISSIONER COY: [INAUDIBLE]

24 CHAIRMAN DECKER: Thank you, David.

25 Hearing none, may I have a motion approving the

1 Board's budget for the current year?

2 COMMISSIONER COLINS: Mr. Chairman, I  
3 make a motion that we approve the Pennsylvania  
4 Gaming Control Board budget for 2006/2007.

5 CHAIRMAN DECKER: May I have a second,  
6 please?

7 COMMISSIONER MARSHALL: Second.

8 CHAIRMAN DECKER: Thank you. Any  
9 questions?

10 THE BOARD: [NO RESPONSE]

11 CHAIRMAN DECKER: All of those in favor,  
12 please indicate by saying aye.

13 THE BOARD: Aye.

14 CHAIRMAN DECKER: Any opposed?

15 THE BOARD: [NO RESPONSE]

16 CHAIRMAN DECKER: The motion carries.

17 David, Michael, everyone, thank you. Captain  
18 Allue and our future employee, we thank you very  
19 much.

20 MR. RHEN: Thank you.

21 MS. NEEB: Thank you, Mr. Chairman.

22 CHAIRMAN DECKER: Anne, is there  
23 anything else?

24 MS. NEEB: I don't have anything else.

25 CHAIRMAN DECKER: Next up is Michael

1 Walsh.

2 MS. NEEB: Director of Administration.

3 CHAIRMAN DECKER: Our Director of  
4 Administration, Michael.

5 MR. WALSH: Thank you. Mr. Chairman,  
6 Members of the Board, there are nine candidates  
7 that the Bureau of Administration recommends on  
8 behalf of the Executive Director and other Bureau  
9 of Directors for consideration by the Board  
10 today.

11 I will begin in the Office of Chief  
12 Counsel. Steve Cook is an Assistant Chief  
13 Counsel, and there is a number in the Bureau of  
14 Investigations and Enforcement and that is as  
15 David mentioned, the enforcement personnel  
16 required to work at the casinos.

17 John Sentell, as an investigator; Claude  
18 Welcome, as an investigator; Anthony Pace, as an  
19 investigator; Edward Crawford, Jr., as an  
20 investigator; Christopher Ferris, as an  
21 investigator.

22 In the Bureau of Corporate Compliance  
23 and Internal Controls, Patricia Gustavson, as a  
24 financial analyst; and in the Office of Chief  
25 Enforcement Counsel, Cyrus Pitre, as a Deputy

1 Chief Enforcement Counsel.

2 Finally, we are pleased to present to  
3 the Board to fill the position of the Chief  
4 Financial Officer, Eileen McNulty. So Secretary  
5 Fajt didn't get away soon enough. We have worked  
6 with Eileen over the past two years and, as you  
7 know, she has served in Governor Casey's cabinet  
8 as the Secretary of Revenue, and most recently  
9 has been the Deputy Executive Secretary or the  
10 Executive Deputy Secretary of the Department of  
11 Revenue, so we are pleased to recommend her to  
12 the Board as well.

13 CHAIRMAN DECKER: That's great.

14 Any questions about any of the  
15 candidates?

16 THE BOARD: [NO RESPONSE]

17 CHAIRMAN DECKER: I can say that we are  
18 always happy about the candidates that we hire,  
19 but we are particularly happy in this instance to  
20 have Eileen McNulty coming with us. It is just a  
21 thrill. We are very pleased. We have worked  
22 with you a lot over the last two years. You've  
23 been great, and you've finally seen the light.  
24 It is going to be a whole liberating experience  
25 coming with us.

1                   SECRETARY FAJT: Tad, I am not going to  
2 let you get away with that. You might as well  
3 just make the offer to me now and we will make it  
4 a clean sweep.

5                   COMMISSIONER RIVERS: We don't want you.

6                   COMMISSIONER MARSHALL: Mr. Chairman, is  
7 there anyone else we can take?

8                   CHAIRMAN DECKER: I think they are  
9 completely cleaned out.

10                  SECRETARY FAJT: It's close.

11                  CHAIRMAN DECKER: I don't know who will  
12 take care of the tax returns any longer.

13                  MR. WALSH: As with all hirings, the  
14 candidates have completed the background  
15 investigation and a drug screening and we would  
16 entertain a motion for their hire.

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

19                  COMMISSIONER RIVER: Yes, Mr. Chairman,  
20 based on the recommendation of the Director of  
21 Administration, I would like to present a motion  
22 to hire the following nine people that he made  
23 reference to.

24                  CHAIRMAN DECKER: Okay. Can I have a  
25 second?

1 COMMISSIONER McCABE: Second.

2 CHAIRMAN DECKER: Any other questions  
3 for Michael?

4 THE BOARD: [NO RESPONSE]

5 CHAIRMAN DECKER: All of those in favor,  
6 please indicate by saying aye.

7 THE BOARD: Aye.

8 CHAIRMAN DECKER: Any opposed?

9 THE BOARD: [NO RESPONSE]

10 CHAIRMAN DECKER: The motion carries.  
11 Thank you very much.

12 Okay. Next, we are going to hear from  
13 Chief Counsel Frank Donaghue about certain  
14 regulatory issues and, I believe, certain  
15 withdrawal petitions. Is that right, Frank?

16 MR. DONAGHUE: That's correct.

17 CHAIRMAN DECKER: Okay. Oh, Michelle  
18 Afragola is with him also.

19 MR. DONAGHUE: The Office of Chief  
20 Counsel is presenting two items today. The first  
21 is an amendment to our temporary regulations.  
22 Act 135 of 2006 extended the Board's authority to  
23 adopt temporary regulations until April 15th of  
24 2007.

25 The other item is a proposed rulemaking.

1 As a result of Act 135, after an adoption by the  
2 Board, the proposed rule will be submitted to the  
3 Attorney General's Office to be reviewed for form  
4 and legality at the same time as it is submitted  
5 to the Office of the Budget for a fiscal note.

6 The proposed rule will not be submitted  
7 to the Legislative Reference Bureau for  
8 publication in the Pennsylvania Bulletin and to  
9 the Independent Regulatory Review Commission for  
10 its review until the Attorney General's Office  
11 completes its review.

12 Additionally, since the General Assembly  
13 will be in sine die adjournment by -- they will  
14 be in sine die adjournment by the time the  
15 Attorney General's review is complete, the  
16 proposed regulations will not be formally  
17 submitted to the standing committees until the  
18 new committees are formed and designated. This  
19 should occur in late January or early February.

20 Let me now turn to the first temporary  
21 amendment. This amendment deletes the existing  
22 definition of ex parte communication and replaces  
23 it with a new definition of ex parte  
24 communication to conform to the definition that  
25 was included in Act 135 of 2006. To provide

1 additional clarity, definitions of "pending  
2 matter", "contested on-the-record proceeding" and  
3 "staff" have also been added to the regulation.  
4 These terms are used in the definition of ex  
5 parte communication.

6 Also included is a new provision that  
7 requires Board Members to record meetings with  
8 licensed entity representatives in a public log.  
9 The log shall include the name of the individual  
10 with whom the Board Member met, the date and time  
11 of the meeting and a memorandum discussing the  
12 content of the meeting.

13 We would ask for a motion to adopt this  
14 amendment and would be happy to answer any  
15 questions that you may have regarding it.

16 COMMISSIONER COY: Mr. Chairman, I so  
17 move.

18 CHAIRMAN DECKER: Okay. Can I have a  
19 second, please?

20 COMMISSIONER McCABE: Second.

21 CHAIRMAN DECKER: Are there any  
22 questions on this?

23 THE BOARD: [NO RESPONSE]

24 CHAIRMAN DECKER: Frank, did you  
25 describe the changes in detail of what an ex

1       parte does? Do you want to review that issue or  
2       is it clearly understood?

3               MR. DONAGHUE: Again, it is -- the  
4       amendment is clarifying, and the regulation makes  
5       it clear that there is no ex parte communications  
6       with regard to a pending matter, with regard to a  
7       contested on-the-record proceeding, and it also  
8       gives a clear definition of what the staff is  
9       within the regulation.

10              CHAIRMAN DECKER: Okay. Great. Thank  
11       you.

12              COMMISSIONER MARSHALL: Mr. Chairman --

13              CHAIRMAN DECKER: Yes, please.

14              COMMISSIONER MARSHALL: Mr. Chairman,  
15       this is Chip.

16              CHAIRMAN DECKER: Yes, please, go ahead.

17              COMMISSIONER MARSHALL: Will this have  
18       the effect of amending our Code of Ethics Policy  
19       so that the two are consistent?

20              MR. DONAGHUE: Commissioner, it would be  
21       my suggestion that we also address our policy,  
22       our internal policy, at the same time, once the  
23       Board adopts this amendment.

24              CHAIRMAN DECKER: Right.

25              COMMISSIONER MARSHALL: So we would make

1 this motion and then we can do business or just  
2 immediately thereafter amend our policy?

3 MR. DONAGHUE: That's correct.

4 CHAIRMAN DECKER: We will amend the code  
5 and bring it -- I guess we have to vote on it at  
6 another meeting.

7 MR. DONAGHUE: At our next meeting;  
8 that's correct.

9 COMMISSIONER MARSHALL: Thank you.

10 CHAIRMAN DECKER: Okay. The code is  
11 amended, I presume, just the section dealing with  
12 ex parte, to that limited issue of that in the  
13 office versus no interested party.

14 MR. DONAGHUE: That's correct. We want  
15 to make them consistent and clear.

16 CHAIRMAN DECKER: Okay. That's fine.  
17 Any other questions?

18 THE BOARD: [NO RESPONSE]

19 CHAIRMAN DECKER: Hearing none, all of  
20 those in favor, please indicate by saying aye.

21 THE BOARD: Aye.

22 CHAIRMAN DECKER: Any opposed?

23 THE BOARD: [NO RESPONSE]

24 MR. DONAGHUE: Next, I will turn the  
25 microphone over to Michelle Afragola who will

1 present the proposed rulemaking.

2 MS. AFRAGOLA: Thank you. Good morning  
3 -- or good afternoon actually, now. As Frank  
4 mentioned, we are offering Chapter 491 of the  
5 regulations for your consideration as a proposed  
6 rulemaking.

7 This chapter contains general provisions  
8 relating to the hearing process before the Board.  
9 The regulations include defined terms, procedures  
10 for general filing and service requirements for  
11 the Board, the duties of hearing officers and  
12 general hearing procedure.

13 These regulations have been edited and  
14 revised by our staff and now, as I said, are  
15 being offered as a proposed rulemaking. There  
16 will be a 30-day public comment period for this.

17 And now I will go over some of the  
18 changes we made to the chapter. Overall, these  
19 changes are largely editorial. Chapters 491 and  
20 492 have been merged and renumbered to create one  
21 chapter containing the general rules just for  
22 easier reference.

23 In the definition section we -- as Frank  
24 mentioned, we deleted the definition of ex parte  
25 communications so that it can be replaced with

1 the new definition. We also added some defined  
2 terms for parties appearing before the Board,  
3 such as complainants and respondents.

4 In Section 491.5, we revised the service  
5 by the Board to clarify the methods by which the  
6 Board may serve documents, et cetera, on a party,  
7 and we have also deleted a provision that related  
8 to the structure of the Office of Hearings and  
9 Appeals.

10 I would be happy to answer any  
11 questions.

12 CHAIRMAN DECKER: Are there any  
13 questions for Michelle?

14 THE BOARD: [NO RESPONSE]

15 CHAIRMAN DECKER: Hearing none, I would  
16 entertain a motion -- I'm sorry. Go ahead.

17 COMMISSIONER McCABE: We are talking  
18 about 491?

19 MS. AFRAGOLA: Yes, that's correct.

20 COMMISSIONER McCABE: Okay.

21 CHAIRMAN DECKER: All right. I'll  
22 entertain a motion approving that.

23 COMMISSIONER ANGELI: Mr. Chairman, I  
24 move that the Board adopt the proposed regulation  
25 125-53 pertaining to Subpart H?

1 MS. AFRAGOLA: Yes, that's correct.

2 COMMISSIONER ANGELI: Of Chapter 491,  
3 that the Board establish a public comment period  
4 for 30 days; and that the Board post this  
5 proposed regulation on the Board's website.

6 CHAIRMAN DECKER: Thank you. Could I  
7 have a second, please?

8 COMMISSIONER MARSHALL: Second.

9 CHAIRMAN DECKER: Thank you. Any  
10 further questions?

11 THE BOARD: [NO RESPONSE]

12 CHAIRMAN DECKER: All of those in favor,  
13 please indicate by saying aye.

14 THE BOARD: Aye.

15 CHAIRMAN DECKER: Any opposed?

16 THE BOARD: [NO RESPONSE]

17 CHAIRMAN DECKER: Motion carries.

18 MS. AFRAGOLA: Thank you.

19 CHAIRMAN DECKER: We have some  
20 withdrawal petitions?

21 MR. DONAGHUE: That's correct.

22 CHAIRMAN DECKER: Thank you, Michelle.

23 MR. DONAGHUE: Mr. Chairman, if it is  
24 okay with you, what I would like to do is go  
25 through the entire list of the withdrawal

1 petitions. I will name the name and then the  
2 docket number, and then you could entertain the  
3 motion.

4 CHAIRMAN DECKER: Thank you.

5 MR. DONAGHUE: The first would be Don  
6 Amos, Docket No. 1384; Timothy J. Parrot, Docket  
7 No. 1751; Gordon Dickie, Docket No. 1078; David  
8 Creary, Docket No. 2108; Peter DePaul, Docket No.  
9 1356; Crossroads GP, Inc., MS PA Gaming Holdings,  
10 Inc. and Ventura Holdings, Inc., formerly known  
11 as MS Gaming Companies Holdings, Inc., and  
12 Michael Garrity, Andrew Brenner and Edgar  
13 Sabounghi -- I am going to spell that for you --  
14 S-A-B-O-U-N-G-H-I, and that is Docket No. 1355.

15 The next is Chance Enterprises, again,  
16 same Docket No. 1355; Joginder, and that is  
17 J-O-G-I-N-D-E-R, Singh, S-I-N-G-H, Docket No.  
18 1363; Thomas Michaels, Docket No. 1363; and  
19 Lawrence Fishman, Docket No. 1363.

20 With regard to all of these withdrawal  
21 applications, there is no information  
22 constituting good cause to deny the petitions,  
23 and all required fees have been paid for each  
24 applicant. These would all be granted without  
25 prejudice, and I would respectfully request a

1 motion to approve.

2 CHAIRMAN DECKER: Thank you. May I have

3 -- first of all, any questions?

4 THE BOARD: [NO RESPONSE]

5 CHAIRMAN DECKER: May I have a motion?

6 COMMISSIONER COLINS: Mr. Chairman, I  
7 move that we approve the Board orders granting  
8 withdrawal petitions that have just been  
9 discussed.

10 CHAIRMAN DECKER: Thank you,  
11 Commissioner Colins. A second, please?

12 COMMISSIONER MARSHALL: Second.

13 COMMISSIONER ANGELI: Second.

14 CHAIRMAN DECKER: Thank you. Any  
15 further questions?

16 THE BOARD: [NO RESPONSE]

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

19 THE BOARD: Aye.

20 CHAIRMAN DECKER: Any opposed?

21 THE BOARD: [NO RESPONSE]

22 CHAIRMAN DECKER: Motion carries. Thank  
23 you very much.

24 MR. DONAGHUE: Thank you.

25 CHAIRMAN DECKER: Frank, thank you.

1           Okay. I think our next item is the  
2           Gaming Laboratory Operations, if I am not  
3           mistaken, and I think in Richard's absence, Don  
4           Shiffer is going to come up and cover some of  
5           those things for us. Don, thank you.

6           MR. SHIFFER: Good afternoon, Chairman  
7           and Members of the Board. Before you for  
8           consideration is a motion to approve the  
9           possession of slot machines by Presque Isle  
10          Downs.

11          As a conditional Category I slot machine  
12          licensee, Presque Isle Downs seeks permission  
13          from the Board to receive and possess slot  
14          machines at its facility on December 4th of this  
15          year. The Bureau of Investigations and  
16          Enforcement has inspected Presque Isle Downs'  
17          facility and has not found any outstanding  
18          security issues that would indicate the facility  
19          is unsuitable to possess and store slot machines.

20          In addition, the security and  
21          surveillance protocols Presque Isle is proposing  
22          to utilize to receive and secure the machines  
23          have been reviewed by the Bureau of  
24          Investigations and Enforcement and are determined  
25          to be in compliance with the Board's regulations.

1           Slot machines received and possessed by  
2       Presque Isle Downs may only be installed and  
3       configured at its facility by persons  
4       appropriately licensed by the Board to do so.

5           At this time, I ask that the Board adopt  
6       this resolution.

7           CHAIRMAN DECKER: Thank you.

8           COMMISSIONER RIVERS: Mr. Chairman, I  
9       move to approve Resolution 2006-37-GL, possession  
10      of slot machines by Presque Isle Downs, Inc.

11          COMMISSIONER COLINS: Second.

12          CHAIRMAN DECKER: Okay. Any questions  
13      for Don?

14          THE BOARD: [NO RESPONSE]

15          CHAIRMAN DECKER: All of those in favor,  
16      please indicate by saying aye.

17          THE BOARD: Aye.

18          CHAIRMAN DECKER: Any opposed?

19          THE BOARD: [NO RESPONSE]

20          CHAIRMAN DECKER: Motion carries. Thank  
21      you, Don. This is our fourth casino to receive  
22      slots; isn't that correct?

23          MR. SHIFFER: That's correct.

24          CHAIRMAN DECKER: Okay. Thank you.

25          All right. Next, Susan Hensel, our

1 Director of Licensing.

2 MS. HENSEL: Thank you, Chairman Decker  
3 and good afternoon, members of the Board. I have  
4 only one item before you today, and that is the  
5 order approving the Report of the Bureau of  
6 Licensing on Gaming and Non-Gaming Employees.

7 Prior to this meeting, the Bureau of  
8 Licensing provided you with a list of 401  
9 individuals who the Bureau has granted occupation  
10 permits to and 166 individuals who the Bureau has  
11 granted registrations to, under the authority  
12 delegated to the Director of Licensing.

13 These individuals are employed  
14 manufacturers, suppliers and approved licensees,  
15 Downs Racing, Chester Downs and Greenwood Gaming.  
16 I ask that the Board vote on the motion.

17 CHAIRMAN DECKER: Thank you. Are there  
18 any questions for Susan about this?

19 THE BOARD: [NO RESPONSE]

20 CHAIRMAN DECKER: May I have a motion?

21 COMMISSIONER COY: Mr. Chairman, I so  
22 move to accept her report and the order.

23 CHAIRMAN DECKER: Thank you. May I have  
24 a second?

25 COMMISSIONER MARSHALL: Second.

1           CHAIRMAN DECKER: Thank you. Again, any  
2 questions for Susan?

3           THE BOARD: [NO RESPONSE]

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

6           THE BOARD: Aye.

7           CHAIRMAN DECKER: Any against?

8           THE BOARD: [NO RESPONSE]

9           CHAIRMAN DECKER: Motion carries.  
10 Susan, thank you.

11          MS. HENSEL: Thank you.

12          CHAIRMAN DECKER: Let's see. I thought  
13 I already announced our next meeting, although I  
14 think it may have changed.

15                 Is Paul here? Paul Resch? I think our  
16 meeting is at 1:00, isn't it? 1:00 on December  
17 4th. Stay tuned. It could wind up getting  
18 shifted around, hopefully it is going to stay.  
19 So December 4th at 1:00. All right?

20                 Again, I want to thank our staff who  
21 are -- I think the things you've heard, if you  
22 were here earlier, from the applicants,  
23 consistently, is absolutely on point; and that is  
24 our staff is somewhat sure, since they are still  
25 alive, of killing themselves to get this done for

1 the Board and for the people of Pennsylvania.

2 So, again, we thank you very much and  
3 December 20th will be a Christmas present for  
4 you, definitely. Maybe not for some others but  
5 definitely for you for a Christmas present. And,  
6 again, thank you very much for everything.

7 May I have a motion to adjourn?

8 COMMISSIONER COY: Chairman, I would  
9 like to say that I appreciate you and your  
10 colleagues accommodation by participating in this  
11 matter.

12 COMMISSIONER MARSHALL: I would echo  
13 that sentiment.

14 CHAIRMAN DECKER: Great. Well, I want  
15 to thank the Commissioners who have been putting  
16 a lot of time and effort in this too. There's a  
17 lot to read and a lot to do. So thank you very  
18 much.

19 May I have a motion to adjourn.

20 COMMISSIONER ANGELI: So moved.

21 CHAIRMAN DECKER: Second?

22 COMMISSIONER MARSHALL: Second.

23 CHAIRMAN DECKER: All in favor?

24 THE BOARD: Aye.

25 CHAIRMAN DECKER: We are adjourned.

1 Thank you very much.

2 (Meeting concluded at 1:56 p.m.)

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