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In Re: Public Meeting

Date: March 27, 2007

Before: Thomas Decker

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Sargent's Court Reporting Service, Inc.

Phone: 814-536-8908

Fax: 814-536-4968

Email: schedule@sargents.com

Internet: www.sargents.com

PENNSYLVANIA GAMING CONTROL BOARD

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IN RE: PUBLIC MEETING

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PENNSYLVANIA STATE MUSEUM AUDITORIUM

THIRD AND NORTH STREETS

HARRISBURG, PENNSYLVANIA

MARCH 27, 2007, 9:00 A.M.

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BEFORE:

THOMAS DECKER, CHAIRMAN

RAY ANGELI

MARY DiGIACOMO COLINS (via teleconference)

JEFFREY W. COY

KENNETH McCABE

SANFORD RIVERS

GARY A. SOJKA

KEITH WELKS

REPORTER: KENNETH D. O'HEARN

REPORTER - NOTARY PUBLIC

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1 CHAIRMAN DECKER:

2 We're going to call the meeting to order.
3 I'm Tad Decker, Chairman of the Pennsylvania Gaming
4 Control Board. I would like to welcome the board and
5 all of you to this public meeting. A quorum of the
6 Board being present, and the meeting is called to
7 order.

8 Commissioner Mary Colins is participating
9 by telephone, and Commissioner Jeff Coy will be --- is
10 joining us --- I'm sorry, will be joining us in person
11 shortly, but in the meantime he's on the phone. I
12 apologize to everyone for the change in the schedule.
13 We originally had scheduled this for quite awhile at
14 10:00, and for various reasons, we moved it to 9:00,
15 and that's why we have two Commissioners on the phone
16 with us right now.

17 Mary and Jeff, can you hear us okay?

18 MR. COY:

19 Yes, sir.

20 CHAIRMAN DECKER:

21 Great. Mary?

22 MS. COLINS:

23 Yes, yes. Thank you.

24 CHAIRMAN DECKER:

25 Great. Thank you. Joining us, again,

1 today as the Treasury Department's representative is
2 Keith Welks. Keith is acting deputy state treasurer
3 for fiscal operations. And joining us in the
4 audience, as representatives of the acting revenue
5 secretary, Tom Wolf, are Stacy Amsler and Andrea Mead.
6 Are you all here?

7 MS. AMSLER:

8 Yes.

9 CHAIRMAN DECKER:

10 Oh, there. Great. Thank you for joining
11 us today. As always let me ask members of the board,
12 and particularly me, and the audience, to turn off
13 their cell phones, Blackberries, et cetera. And we'll
14 start, as usual with the Pledge of Allegiance. Please
15 join me.

16 PLEDGE OF ALLEGIANCE RECITED

17 CHAIRMAN DECKER:

18 With respect to old business, by way of
19 announcements, the Board held an executive session
20 yesterday, March 26th, to discuss various personnel
21 matters, and no business was conducted at this
22 session.

23 We're going to move on to new business.
24 And our first item on the agenda is the informational
25 hearing we'd like to have today or just informational

1 gathering, if you will, concerning Category 3
2 licenses. As everyone knows, the Gaming Act allows
3 the Board to issue two slot licenses with a maximum of
4 500 machines each to well-established resorts.

5 The Board previously received two
6 applications for these licenses, but both were
7 withdrawn for very different reasons. In anticipation
8 of re-opening the application period for Category 3
9 licenses, we have with us today several staff members
10 from the General Assembly, who will discuss the
11 legislative intent of Act 71, as it pertains to these
12 licenses.

13 We also have representatives from some
14 potential applicants, who will testify about issues
15 they have come across in reviewing Act 71 and the
16 Board's regulations.

17 In addition, the Board also invited
18 Category 1 and Category 2 licensees and winning
19 applicants, if you will, to participate in today's
20 hearing or submit written comments for the record.

21 I'm going to now turn it over to Anne
22 Neeb, our Executive Director, who will get us started
23 with this hearing. Anne.

24 MS. NEEB:

25 Good morning, Chairman Decker, members of

1 the board. I'd just like to move right into today's
2 informational hearing on the Category 3 license
3 criteria. We're pleased to have with us several
4 legislative staff members, who have been actively
5 involved in drafting the Gaming Act and to give an
6 overview of the statute, as it relates to the two
7 resort licenses which the Board can award.

8 In addition to legislative staff who are
9 with us, we also expect to receive written testimony
10 from other staff and legislators in both the House and
11 Senate.

12 Following the testimony from the
13 legislature, we will hear from several potential
14 applicants of this category of license. And at the
15 conclusion of the presentation, we'll open it up to
16 question.

17 The first individual who will testify
18 today is George Bedwick, who's legislative counsel to
19 House Majority Whip with Keith McCall. Audrey Powell,
20 who is the policy director and House Majority leader
21 Bill DeWeese is here today also. George will make his
22 presentation, and both he and Audrey will be available
23 for questioning. Come on up. Okay. I'm going to
24 turn it over to George and Audrey.

25 ATTORNEY BEDWICK:

1 Thank you, Anne.

2 CHAIRMAN DECKER:

3 Good morning.

4 ATTORNEY BEDWICK:

5 Good morning.

6 MR. COY:

7 Good morning, George.

8 ATTORNEY BEDWICK:

9 Good morning to members of the board. I
10 am George Bedwick. I am legislative counsel to the
11 House Majority Whip, and with me is Audrey Powell,
12 policy director to the House Majority Leader. We both
13 were actively involved in the development and drafting
14 of the Pennsylvania Race Horse Development and Gaming
15 Act on behalf of the House Democratic Caucus.

16 Numerous issues have arisen related to
17 the requirements for Category 3 licenses under Section
18 1305 since the passage of the Act.

19 When drafting legislation, one cannot
20 anticipate every circumstance that may arise, and
21 legislation oftentimes sets broad policy goals for
22 those charged with administering the law and permits
23 them latitude in filling in details through regulation
24 within the parameters of those goals.

25 Section 1305 represents that type of

1 situation. We cannot speak for the other Caucuses in
2 the General Assembly, nor can we speak for the entire
3 House Democratic Caucus, but we can discuss the intent
4 of the members of our Caucus, who are actively
5 involved in the passage of the gaming law.

6 Additionally, the Board, obviously, is an
7 independent board, to the extent that understanding
8 the intent of the resort license category is helpful
9 to the Board, we decided to present testimony today.

10 Rather than walk through all the specific
11 requirements of Section 1305, we thought it might be
12 beneficial to discuss the overall intent for the
13 establishment of Category 3 licenses, and then to key
14 in to some specific issues, we know the Board is
15 dealing with.

16 At some point during the development of
17 Act 71, the idea arose that among the benefits that
18 could be derived from the operation of slot --- or the
19 authorization of slot machine gaming in Pennsylvania,
20 with the opportunity to enhance the competitiveness of
21 some of the many resort facilities that exist in the
22 Commonwealth, vis-a-vis, facilities located out of
23 state.

24 As a result, a decision was made to
25 include a very limited license category in the

1 legislation for resort facilities. The category was
2 necessarily very limited to avoid market saturation.
3 It is important to note that although property tax
4 relief and enhancement of the horseracing and
5 agricultural industry in the state were the key
6 reasons for the passage of Act 71. Job creation,
7 economic development, and enhancement of our tourism
8 industry were also viewed as integral benefits that
9 could result from enactment.

10 Turning to some specific issues that have
11 arisen since the passage of the Act, the first we'll
12 address is whether timeshare units should qualify as
13 guestrooms in determining whether the resort has the
14 requisite 275 guestrooms available to the general
15 public. We believe that the inclusion of certain
16 timeshare units would fit with the intent of Section
17 1305.

18 As the Board is aware, one of the
19 requirements of Section 1305 is that the guestrooms
20 must be under common ownership. Some timeshares are
21 structured in a way that includes a deeding of title
22 to those units for a certain period of time.

23 Other timeshares are structured in a way
24 that does not involve any deeding of title to the
25 units. They function more like a guaranteed advanced

1 registration system for the units.

2 We believe that that type of timeshare
3 unit clearly fits within the intent of guestrooms
4 available to the general public under Section 1305.

5 They present a situation no different, in
6 our opinion, than a group reserving a block of rooms a
7 year in advance for a conference or convention. So we
8 believe that counting all such units toward the 275
9 guestroom requirement of the statute would, in no way,
10 violate the intent of that section. It would, in
11 fact, be completely compatible with the intent in the
12 drafting of Section 1305.

13 In the alternative, the Board, at a
14 minimum, potentially could use some type of
15 mathematical approach to determine the number of rooms
16 available to the general public on an average basis
17 during the course of a year since these units are
18 available for rental by the general public when they
19 are not being utilized by timeshared guests.

20 But I would emphasize, though, that this
21 mathematical approach is merely an alternative if the
22 Board does not agree with our belief that all of these
23 units should be counted towards the minimum guestroom
24 requirement.

25 Deeded timeshare units presenting a more

1 difficult issue, because of the statutory requirements
2 that rooms be under common ownership. While we cannot
3 provide guidance to the Board on this type of
4 timeshare unit, we would note for the Board that most
5 are subject to the hotel occupancy tax. The Board may
6 wish to discuss with the Department of Revenue, if it
7 has not already done so.

8 The rationale that the department uses
9 for taxing these units as hotel units and whether that
10 rationale can help the Board as it deliberates on how
11 to treat these units.

12 Several issues have also arisen that are
13 related to the definition of patron of the amenities.
14 This definition must be interpreted in close
15 conjunction with the definition of amenities in the
16 statute. They are closely interwoven. The intent of
17 these definitions was that anyone, including the
18 transient public utilizing an amenity at the resort
19 for fair compensation would be permitted into the
20 gaming area.

21 This would include those who have
22 memberships, such as golf or tennis memberships at the
23 resort facility. It's also important to note that
24 nowhere in the definition of patron of the amenities
25 or elsewhere in Section 1305 is there a time limit

1 imposed on when a patron of an amenity would be
2 permitted to enter the gaming area.

3 However, having said that, we do believe
4 that some time limit should be imposed by the Board in
5 order to comply with the intent of Section 1305. That
6 intent was to preclude members of the general public
7 from coming to the facility simply to play slot
8 machines.

9 We also believe that the time limits
10 imposed could be varied, depending on the amenity
11 being utilized by the patron. Those with seasonal
12 memberships for which they have paid fair
13 consideration, such as golf, swimming, tennis or
14 social memberships should be permitted unlimited
15 access to the gaming area for the full calendar year
16 of their membership.

17 Those who utilize, let's say, only dining
18 facilities, should be permitted into the gaming
19 facilities during a shorter period of time, but a
20 period that need not be the same day that they were
21 dining at the facility.

22 Perhaps an approach could be that a
23 dinner guest is given a voucher for one visit to the
24 gaming area. Each time they dine at the facility and
25 meet the monetary de minimis requirement, that

1 potentially the voucher is good for one month, two
2 months, whatever the Board would deem appropriate.

3 We also believe that amenities can
4 include arrangements with surrounding entities, but to
5 qualify that we would require that the resort itself
6 receiving compensation, whatever general non-de
7 minimis monetary requirement is established by the
8 Board for all Category 3 licensees.

9 We do believe that the non-de minimis
10 monetary requirement that the Board established, may
11 be too high and too restrictive within the context of
12 the intent of the section.

13 For a couple, it would require the
14 expenditure of \$50 on an amenity before being
15 permitted entry to the gaming area. However, should
16 the Board choose to retain the current monetary level
17 it has established, we do not believe it would be an
18 abuse of the Board's discretion under the statute.

19 We do further believe that it was not the
20 intent of the General Assembly to apply the non-de
21 minimis monetary requirement to persons who were
22 attending conferences, banquets, weddings and similar
23 functions at the facility.

24 The final question we'll address is what
25 was intended by the term well-established

1 resort/hotel. That term should be interpreted as a
2 distinct requirement in the section and not in
3 conjunction with the other requirements contained in
4 Section 1305.

5 To be considered well-established under
6 the statute, the resort should have a history in
7 Pennsylvania and have been in operation on the date
8 the statute became law. However, the resort would not
9 have had to have met the other requirements of the
10 section on that date.

11 At the time of licensing, the resort
12 would have to offer a wide range of amenities to its
13 patrons on a year-round basis together with complying
14 with the other requirements of the section.

15 We'd both like to thank the Board for the
16 opportunity to appear today, and we'll be happy to
17 answer any questions you may have.

18 CHAIRMAN DECKER:

19 If it's all right, I think we should take
20 advantage of the people that are up there speaking and
21 ask them questions while they're there. Is that okay
22 with the Board? Can I start? We understand the last
23 point you made, Mr. Bedwick about well-established
24 resort. You were talking about it wouldn't
25 necessarily mean that they had to have all of the

1 amenities. Is that what you were addressing?

2 ATTORNEY BEDWICK:

3 That's correct.

4 CHAIRMAN DECKER:

5 How about the 275 rooms? If you would
6 like to comment on that, because we're a little ---
7 we're questioning the sort of break between seeking a
8 license, a well-established resort and then, blah,
9 blah, blah 275 rooms. Was that --- you meant
10 concurrent with the passage of the Act or before they
11 apply with us?

12 ATTORNEY BEDWICK:

13 I do not believe it would have to be
14 concurrent with the Act, but I'll ask Audrey if she
15 disagrees with that, the 275.

16 CHAIRMAN DECKER:

17 Ms. Powell?

18 MS. POWELL:

19 I think 275 is 275. And I think, unlike
20 George, that there should be a requirement on the date
21 they apply.

22 CHAIRMAN DECKER:

23 All those in --- no, I'm kidding. This
24 is a tough issue for us. Any questions from the
25 Board?

1 MR. COY:

2 Mr. Chairman, I didn't hear what Audrey
3 said. Could she repeat it again?

4 CHAIRMAN DECKER:

5 Audrey, could you say that one more time?
6 Repeat it, maybe ---.

7 MS. POWELL:

8 Good morning, Commissioner Coy. I,
9 unlike George, think the 275 is a --- that it has to
10 be 275 on the date of application for a licensure.

11 CHAIRMAN DECKER:

12 Okay.

13 MR. COY:

14 So yours is a more strict interpretation
15 than his?

16 CHAIRMAN DECKER:

17 The question was, yours is a more strict
18 interpretation? Jeff, can you say it one more time?

19 MR. COY:

20 Yeah, that's where I was heading.

21 CHAIRMAN DECKER:

22 Your interpretation, Ms. Powell, is a
23 little bit more strict, if you will, and maybe that's
24 not the right adverb, than Mr. Bedwick's.

25 ATTORNEY BEDWICK:

1 Yeah, I think in just talking with
2 Audrey, it's a bit of a shading of the difference of
3 opinion. I think we both agree, you didn't need the
4 275 on the date the statute passed. The issue is
5 whether you need them on the date of application or
6 license issuance.

7 MR. ANGELI:

8 Question.

9 CHAIRMAN DECKER:

10 Please.

11 MR. ANGELI:

12 Mr. Bedwick, throughout your testimony
13 you continued to use the word intent, and one of the
14 things I struggle with, I think is that what was the
15 intent of the legislation and what is the principal of
16 law in the legislation, do you think the things that
17 you've outlined meet the letter of the law that's in
18 the Act?

19 ATTORNEY BEDWICK:

20 I believe so. We tried, in putting
21 together our testimony, to mesh the intent with what
22 the statute says. One of the reasons why, when I
23 talked about the timeshares and the deeded timeshares,
24 it's a difficult issue to resolve because of the
25 common ownership requirement. But as always, intent

1 is nice to know, but if the statute says something
2 differently, you obviously are bound to follow what's
3 in the statute.

4 MR. ANGELI:

5 Thank you.

6 MR. MCCABE:

7 I have a couple of questions.

8 CHAIRMAN DECKER:

9 Commissioner McCabe.

10 MR. MCCABE:

11 We'll go back to the hotel rooms, 275.

12 I'm confused, and I would like to hear your opinion on
13 the 275. The date the law was passed --- three
14 things. The date the law was passed, date of
15 application or date of licensing. Those are three
16 different specifics that we would have to take into
17 consideration. What is your opinion?

18 ATTORNEY BEDWICK:

19 There's a difference of opinion between
20 Audrey and I. I think we're both in agreement that
21 you did not have to have 275 rooms on the date the
22 statute passed. Audrey's opinion is 275 rooms on the
23 date of application. My view is 275 on the date of
24 issuance of the license. And that issue probably
25 highlights the confusion within the section.

1 CHAIRMAN DECKER:

2 Right.

3 MS. POWELL:

4 And primarily because if you didn't have
5 the 275 guestrooms on the date of application, you
6 would not be eligible for a license.

7 MR. MCCABE:

8 Now, I also want to go back to the use of
9 the amenities. I thought that in the statute it had
10 specific language that said per visit. And I don't
11 have it with me, but I thought that that was one of
12 our requirements, that they had to pay a fee per
13 visit. If they weren't staying at the hotel, if they
14 weren't at a wedding, banquet, or some of the other
15 things you outlined here, the statute said that they
16 had to spend a nominal fee that we would determine per
17 visit.

18 ATTORNEY BEDWICK:

19 No, that's not in the statute itself.
20 The requirement is a use of an amenity at the
21 facility. There is --- you have to pay non-de minimis
22 compensation for the amenity. The concern that we had
23 in putting the non-de minimis requirement into the
24 statute was that if that was not there, facilities
25 could give away free dinners and things like that, or

1 give you the dinner for a dollar just to bring you in,
2 and say you've used the facility. But there is no
3 requirement that it has to be on the same day. No
4 requirement, frankly, in terms of a time limit
5 anywhere.

6 CHAIRMAN DECKER:

7 Very good.

8 MR. MCCABE:

9 Okay. I also find interesting --- I want
10 to hear you expand upon a little bit about the use of
11 surrounding amenities, meaning that whatever
12 requirement we put on ---. So if they want to eat at
13 a restaurant outside of the resort, as long as that
14 outside restaurant --- I'm going to use the FBI words,
15 a kickback goes to the resort, that they then can go
16 in and gamble?

17 ATTORNEY BEDWICK:

18 Well, let me ---.

19 CHAIRMAN DECKER:

20 Characterized as the referral fee.

21 MR. MCCABE:

22 Yeah, the referral fee. Okay.

23 ATTORNEY BEDWICK:

24 Let me try to qualify what I said in the
25 testimony because it was confusing. First of all, the

1 facility itself that is the applicant for the license
2 would be required to have some amenities, as defined
3 in the statute. The issue I was looking at was you
4 have a facility, and let's say it has a golf course
5 and a couple other things, but it wants, also, to
6 permit somebody to go swimming at the YMCA or
7 something down the road.

8 I'm not quite sure of the word, other
9 than kickback, but our view is that simply selling a
10 day's pass to the Y would not qualify as non-de
11 minimis compensation to the facility. But if, in
12 fact, they were getting a portion of it, that net what
13 you've established as a non-de minimis compensation,
14 then it would qualify, because the facility at that
15 point is receiving the compensation.

16 MR. MCCABE:

17 How would we regulate that? How would we
18 know that --- the facility is going to have to then
19 have a collection agent go out to the different
20 restaurant, different amenities in the area and say,
21 okay, this month's take is --- you took this much ---.
22 This is our percentage, how are we going to regulate
23 that and know, are they using amenities and they're
24 getting a fair --- and it's not turning into an
25 extortion?

1 ATTORNEY BEDWICK:

2 I mean, there's a couple ways. Clearly,
3 I think whatever arrangement ---.

4 CHAIRMAN DECKER:

5 We have to get away from those FBI terms.

6 MR. MCCABE:

7 But that's the way my mind thinks.

8 MS. COLINS:

9 Would it be a valid contractual
10 relationship?

11 MR. MCCABE:

12 Thank you.

13 ATTORNEY BEDWICK:

14 And it would probably --- and it should
15 be a contractual relationship between the facility and
16 whatever the outside amenity is. Additionally ---
17 well, it doesn't necessarily have to be a requirement.
18 I would say, if it were me, I would require the sale
19 of whatever it is, a gift certificate or something
20 like that, to be made on the premises of a licensed
21 facility, so that everything is right there and
22 available for auditing. That would be how I would
23 approach it. It's a difficult concept I agree,
24 but ---.

25 MR. MCCABE:

1 Thank you.

2 MR. RIVERS:

3 Excuse me, Mr. Chairman. A question to
4 Audrey. Do you agree to that particular point of view
5 about the amenities at an outside location?

6 MR. POWELL:

7 Yes, I can agree. One of the intents of
8 Section of 1305, unlike the other Categories of
9 licensure, was to provide another source for some
10 entities that would promote tourism and economic
11 development. As in areas that, for the most part,
12 may not be as established as others.

13 And there are some, in the past what
14 happened to some hotels, that currently have
15 arrangements with gyms and with like, let's say,
16 swimming pools, to provide services to patrons because
17 they don't have those services onsite, so yes.

18 MR. RIVERS:

19 Okay. And going back to Commissioner
20 McCabe's question, how do we control this? How can we
21 certify that these individuals use these amenities at
22 these offsite locations?

23 MS. POWELL:

24 Well, I think George gave two answers to
25 the way the Board can control it. Through a

1 contractual agreement, which the Board would probably
2 have to approve. You know, the Board would have its
3 hand on it, because there's a contract the entity
4 would enter into that would be subject to audit
5 approval by the Board.

6 CHAIRMAN DECKER:

7 Would a certificate for a shopping center
8 count?

9 MS. POWELL:

10 That may be a little stretch. That may
11 be a stretch. Amenity shopping was not included in
12 the list of what would be acceptable amenities.

13 CHAIRMAN DECKER:

14 But a certificate to buy something at the
15 gift shop, we've chatted about on the Board at various
16 times, and would that count? I'm not trying ---- this
17 is not a trap, by the way?

18 MS. POWELL:

19 Well, there's also a pedicure and
20 manicure ---.

21 CHAIRMAN DECKER:

22 Yes. I was thinking about two different
23 things. A shopping center a mile away and kind of
24 gift shop where they sold T shirts, \$25 could be used
25 to buy a T shirt or something.

1 MS. POWELL:

2 I think that would be a stretch. I can't
3 answer that.

4 MR. ANGELI:

5 May I?

6 CHAIRMAN DECKER:

7 Please.

8 MR. ANGELI:

9 I don't want to get into the what ifs,
10 but the curiosity of it starts to develop as we look
11 at the different situations. We've talked about if
12 you purchased an amenity for a year, like the
13 equestrian stables or something, that would qualify
14 for the --- even if I didn't come back to ride horses
15 that day, I had that membership, that means I can use
16 it any time I want to?

17 MS. POWELL:

18 I think you're getting into the gut of
19 the section. I thought that at resorts there are
20 certain amenities that are specific to certain
21 resorts. Horseback riding, gun clubs, betting clubs,
22 tennis clubs, all those things that people pay for,
23 should not exclude them from going any time they want
24 in to play slot machines. There should be no time
25 limit on when those types of individuals are paid for

1 the services provided by the resort. They shouldn't
2 be precluded from walking in at any time of day or
3 night from playing slot machines, but they are, in
4 fact, the people who motor the resort. They're the
5 ones, through their fees and dues that keep the club
6 going. So they shouldn't be precluded from going in
7 anytime they want to.

8 CHAIRMAN DECKER:

9 Thank you. Do you want to comment?

10 ATTORNEY BEDWICK:

11 Yes, if I could. The primary intent of
12 the use of the amenity was so that the general public
13 could not just walk in to play the machines. Assuming
14 these clubs are charging, as I indicated, a fair price
15 for the amenity --- I mean, if they're selling you a
16 yearly golf membership for \$25, you guys will go out
17 and look at that.

18 But if they're paying a fair price, I
19 think it clearly fits within the intent. Just if I
20 can clarify on the use of offsite amenities, I just
21 want to emphasize that in determining whether --- in
22 our view, determining whether the facility qualifies
23 for a license, meets the eligibility requirement, the
24 facility itself would have to have several of the
25 amenities available, but in terms of the non-de

1 minimis compensation, it would involve some offsite
2 facilities. We think that would qualify, but
3 certainly, in our opinion, would not qualify them for
4 licensure by using --- having a couple hotel rooms and
5 then using everybody else's facilities around them.

6 MR. RIVERS:

7 Let me go back to the offsite facilities.
8 And you made reference to a swimming pool, but if I
9 were a guest at the hotel, I would automatically
10 qualify without using the swimming pool. How would
11 using an offsite facility allow me to qualify if I was
12 not a guest?

13 ATTORNEY BEDWICK:

14 There are two categories, I'll say, of
15 persons under the statute that can qualify to use the
16 facilities. Registered overnight guests, and then
17 putting them on the side, members of the transient
18 public who are not overnight guests, who are guests of
19 the hotel itself, but are using some of the amenities
20 of the hotel.

21 MR. RIVERS:

22 But if there's a swimming pool and I'm a
23 transient guest, then how can you say that I have a
24 relationship with the resort as opposed to a
25 relationship with the swimming pool itself? Are you

1 saying that the resort owns the swimming pool?

2 ATTORNEY BEDWICK:

3 No, but the resort ---.

4 MR. RIVERS:

5 How do you tie the two together, please?

6 ATTORNEY BEDWICK:

7 If the resort is selling, let's say, a
8 daily membership to the pool, and the resort --- and I
9 know this is --- it sounds odd, but the resort and we
10 can use the \$25-a-day fee --- they sell you a daily
11 membership for \$40. The resort keeps \$25 of it and
12 gives \$15 to the facility that has the pool.

13 CHAIRMAN DECKER:

14 I mean, what --- let me try to answer
15 Sandy's question. Somebody can come here for the day
16 and use the archery and, you know, maybe pay a fee for
17 that and want to use the pool with the kids, and then,
18 you know, maybe have dinner. So that's where you're
19 saying they can pay a fee for services not on the
20 premises?

21 ATTORNEY BEDWICK:

22 Yes.

23 CHAIRMAN DECKER:

24 It will be hard for me --- I think it's
25 hard for us to accept that somebody just comes to the

1 Y, you know, down the street and they can use the
2 pool. That's usually an amenity. I think that's what
3 you're addressing.

4 ATTORNEY BEDWICK:

5 No.

6 MR. RIVERS:

7 For dinner?

8 CHAIRMAN DECKER:

9 Well, that's right. That's probably not
10 a perfect example, but I think that would be probably
11 a stretch to say they can use the Y and then come
12 and ---.

13 ATTORNEY BEDWICK:

14 I think ---.

15 CHAIRMAN DECKER:

16 I understand. Getting back to the
17 well-established resort 275, we wouldn't be talking
18 about somebody who had a 50-room hotel/motel who
19 decided to expand, you know, 225 rooms over some
20 period of time, assuming you took the date of
21 licensure. And that would qualify as a well-
22 established resort at the time of the accident.

23 Do you see what I'm getting at? Maybe I
24 didn't explain that example very well. A small motel,
25 pick a city right in the area, or near somewhere

1 outside anywhere, and that entity decided to apply for
2 a license and it started to build a --- I'm not sure
3 there's anything like this, but it started to build
4 225 rooms to get to the 275, that wouldn't be, in your
5 mind, a well-established resort; is it?

6 MS. POWELL:

7 You're saying a motel.

8 CHAIRMAN DECKER:

9 I'm saying a motel in room one. This is
10 in the distance in Philadelphia Park, though. A small
11 motel or a series of motels or right here out of
12 Harrisburg.

13 MS. POWELL:

14 It had 50 rooms and ---.

15 CHAIRMAN DECKER:

16 Fifty (50) rooms and decide, I think
17 we'll make this a resort and apply for this thing.

18 MR. MCCABE:

19 And they already have a swimming pool and
20 a tennis court.

21 CHAIRMAN DECKER:

22 They already have a swimming pool and one
23 hardtop tennis court.

24 MS. POWELL:

25 On the date of application, it's my

1 understanding that they would not qualify.

2 CHAIRMAN DECKER:

3 Okay. But they would not have never been
4 a well-established resort, they would become a
5 well-established resort.

6 MS. POWELL:

7 They're on their way of becoming one, but
8 they won't be eligible for a license.

9 CHAIRMAN DECKER:

10 Okay.

11 MR. MCCABE:

12 So then do we have to look at the
13 definition of a resort? What is a resort?

14 CHAIRMAN DECKER:

15 We've debated the idea of being flexible
16 on the number of rooms. All right. But our view was
17 --- I think a lot of us had the view it had to be sort
18 of a resort at the time the Act was passed, and not
19 just a Motel 6.

20 MS. POWELL:

21 Correct.

22 CHAIRMAN DECKER:

23 I'm not knocking Motel 6, but that's not
24 a well-established resort. Maybe it's for some, but I
25 don't want to say anything about any person on our

1 board, but ---.

2 MR. ANGELI:

3 Mr. Chairman?

4 CHAIRMAN DECKER:

5 Yes, please.

6 MR. ANGELI:

7 Maybe this is a question for staff, I'm
8 not sure. But the surrounding entity that would be
9 eligible as a, you know, compensation, whatever, to
10 the resort, would they have to be licensed, like
11 vendors and people?

12 MS. NEEB:

13 I think it depends. It's a little
14 confusing because it's --- like you're talking about
15 the YMCA or are you talking about ---?

16 MR. ANGELI:

17 Let's say there's a hotel down the street
18 that has a swimming pool, that has a relationship with
19 the resort, it's a compensated, you know,
20 reimbursement of some kind, and they're sharing some
21 kind of revenue ---.

22 MS. NEEB:

23 That's right. If they're sharing
24 revenue, it is --- at bare minimum they would have to
25 be a vendor, if they're sharing revenue.

1 CHAIRMAN DECKER:

2 Our cutoff is low. It'll be \$15,000,
3 so ---.

4 MS. NEEB:

5 Right. It would be a ---.

6 CHAIRMAN DECKER:

7 One other question. I presume during the
8 seminars at the hotel on how to play slot machines
9 wouldn't constitute the kind of things you had in mind
10 about seminars and conventions; right?

11 ATTORNEY BEDWICK:

12 I mean, we'd prefer seminars in the
13 facility.

14 CHAIRMAN DECKER:

15 These are the kind of questions we've
16 got. And the other question is how about a restaurant
17 inside the new casino, which is not attached to the
18 amenity, but a little farther away but on the same
19 property, would that constitute a use of the amenity?
20 And we struggled with that a little bit. I don't know
21 if you want to comment on that. These are all, you
22 know, pretty interesting questions that we're
23 wrestling with.

24 ATTORNEY BEDWICK:

25 I think we disagree.

1 CHAIRMAN DECKER:

2 That's okay. We disagree, too. Join the
3 club.

4 ATTORNEY BEDWICK:

5 I'll let Audrey speak.

6 MS. POWELL:

7 I don't understand your question. A
8 restaurant that would be on the property?

9 CHAIRMAN DECKER:

10 Let's assume you have a well-established
11 resort, all right. And now you're going to build a
12 casino, maybe not attached right to the resort, but a
13 little further away, but still on the property, but
14 it's a big resort, and they have a restaurant inside
15 the casino, like a snack bar. You know, you've seen
16 --- you've been in casinos. You know what I'm talking
17 about. George, constitutes as an expert, so we should
18 get his testimony first. But talking about there are
19 restaurants inside the casino, or maybe just a buffet,
20 would that constitute an amenity, allowing the patrons
21 of the buffet to use the casino and not use the
22 amenity for which the casino we thought was
23 established to support the resort?

24 MS. POWELL:

25 So next to the resort is the restaurant

1 and its buffet, that's the amenity?

2 CHAIRMAN DECKER:

3 Correct. It's a new amenity inside the
4 casino, would that constitute, you know, you pay your
5 \$10, you move on?

6 MS. POWELL:

7 I would assume so. I would say yes.

8 CHAIRMAN DECKER:

9 Okay.

10 MS. POWELL:

11 If it's in a well-established hotel.

12 MR. SOJKA:

13 Mr. Chairman, could I ---?

14 CHAIRMAN DECKER:

15 Please.

16 MR. SOJKA:

17 Could I ask a question about
18 interpretation of the statute, as it relates to this
19 issue of surrounding amenities. Clearly in your
20 written statements you indicate that you think it's
21 permissible to use surrounding amenities, should the
22 decision be made that that's too problematic, you
23 don't feel that that would be in violation of the
24 statute; do you?

25 ATTORNEY BEDWICK:

1 Definitely not in violation.

2 MR. SOJKA:

3 Thank you.

4 ATTORNEY BEDWICK:

5 Again, I hate to go on, but I think the
6 prime intent is that the amenities be at the
7 facilities and that the facility, in order to get
8 licensed, must have amenities. We were just looking
9 more at the monetary compensation issue and whether
10 some level could be gained by using outside amenities,
11 but definitely not in violation.

12 MR. SOJKA:

13 Thank you.

14 CHAIRMAN DECKER:

15 Any other questions for ---?

16 MR. COY:

17 I'm going to try just this one.

18 Legislative intent is one of those things, as you
19 know, that's sort of a moving target. The courts have
20 spent a lot of time on trying to build legislative ---
21 would you agree that the over arching legislative
22 intent of the Act is to create money for property tax
23 reductions?

24 ATTORNEY BEDWICK:

25 Absolutely.

1 MR. COY:

2 So wouldn't it not be a natural
3 conclusion then, that the Board, in its decisions,
4 should make sort of --- whatever decision we make
5 should have that legislative intent as an over arching
6 rationale.

7 ATTORNEY BEDWICK:

8 I would agree.

9 MR. COY:

10 So we should make it --- the Board then
11 should make it as possible as we can for an applicant
12 to be licensed that would generate revenue in order to
13 reduce property taxes?

14 ATTORNEY BEDWICK:

15 Yes. But if I could qualify?

16 MR. COY:

17 I finally got you to a yes, but okay.

18 ATTORNEY BEDWICK:

19 If I can qualify my answer. And that is
20 that, as I indicated in my testimony, the resort
21 facility category was the last to go into the ---
22 legislation was developing, it was the last to go in.
23 There was and probably remained a concern that those
24 facilities not draw revenue away from the --- what
25 I'll call the full-fledged Category 1 and Category 2

1 facilities.

2 So while I definitely agree that you have
3 to weigh the property tax relief benefits of these
4 Category 3 facilities, I wouldn't say it would be the
5 only thing to be looked at, but you clearly would have
6 to look at the impact of these facilities on whatever
7 Category 1s or Category 2s are located close to them.

8 To the extent that if you interpret the
9 statute too liberally, people may be able to walk in
10 off the street and you're taking revenue away from
11 another facility.

12 CHAIRMAN DECKER:

13 So you didn't intend this to be a small
14 casino? You do think it --- separate from everything
15 else, independent from the hotel or motel or resort;
16 correct?

17 ATTORNEY BEDWICK:

18 Correct.

19 CHAIRMAN DECKER:

20 Okay. Any other questions? We can't
21 thank you enough for coming. We work with you a lot
22 and we respect your judgment, and thanks a lot for
23 coming and testifying today and helping us to gather
24 facts. We very much appreciate it.

25 Did you want, before you leave, opine any

1 other caucuses that will testify to? Just kidding.

2 MS. NEEB:

3 We'll now hear from some potential
4 applicants that are with us today. The first person
5 we have here is from Vacation Charters, Limited, Split
6 Rock Resort, and that's Mr. Charles Dickinson. Mr.
7 Dickinson?

8 MR. DICKINSON:

9 Thank you.

10 CHAIRMAN DECKER:

11 Thank you for coming today. We
12 appreciate it very much.

13 MR. DICKINSON:

14 Thank you, sir. Good morning, Chairman
15 Decker and members of the Pennsylvania Gaming Control
16 Board. Thanks for the opportunity to make this brief
17 presentation to you this morning. My name is Charles
18 Dickinson. I'm the director of special projects for
19 Vacation Charters, Limited, the owner and operator of
20 Split Rock Resort and Mountain Laurel Resort and Spa
21 in Pocono Mountains in Northeast, PA.

22 While I worked for the company for the
23 last 12 and a half years, my background includes
24 having helped open, later operate as director of room
25 operation for the Tropicana Hotel Casino in Atlantic

1 City. So I'm familiar with trials and tribulations of
2 the startup of gaming from my years in Atlantic City.

3 We've taken the liberty of providing you
4 with a book highlighting the future of Split Rock
5 Resort destination since 1941, which you'll literally
6 see is a perfect match for the description of an
7 eligible Category 3 applicant.

8 Some of you had the opportunity to visit
9 the resort last fall when public hearings were held.
10 We provided you a brief summary of our company, which
11 is owned primarily by family stockholders, although a
12 portion of the stock of sale is also owned by the
13 employees, through their participation in an employee
14 stock ownership plan.

15 You'll see from the localized mapping
16 provided towards the back, that Split Rock sits on
17 approximately 1,200 acres of land, and Mountain Laurel
18 Resort located just 4.2 miles away, has an additional
19 138 acres.

20 Both of the resorts are located close to
21 the intersection of Interstate 80, and the northeast
22 extension of the Pennsylvania Turnpike, just a
23 convenient 90-minute trip from Philadelphia, two hours
24 from New York City and three hours from Baltimore.

25 Split Rock features 509 suites and

1 villas, an additional 24 suites opening in June for a
2 total of 557 units, while our sister resort, Mountain
3 Laurel, offers an additional 256 suites and rooms, for
4 a combined total of 817 units by mid-2007.

5 The combination of both the properties
6 there are standard hotel rooms, one-bedroom,
7 two-bedroom suites and villas. In addition to
8 guestrooms, the resort features three distinct
9 restaurants, two snack bars, a pizza parlor, an ice
10 cream parlor, sports bar, beach bar, three lounges
11 offering live bands, comedy, magic shows. We also
12 have meeting, banquet and exhibit facilities that top
13 out at 77,000 square-foot space that can accommodate
14 over 1,000 guests for dinner in one room. Presently
15 the largest available is in Northeast, PA.

16 Split Rock has adequate facilities that
17 have three annual festivals, including the annual
18 Pennsylvania Wine and Food festival with attendance of
19 over 10,000 guests held on the last weekend in June
20 every year.

21 Substantial amenities are available right
22 on our site, including a 27-hole championship golf
23 course with nine more holes under construction. A
24 first run movie theater, two indoor pools, one outdoor
25 pool, three indoor and eight outdoor tennis courts,

1 indoor and outdoor basketball, eight-lane bowling
2 alley, video arcade, fitness center and racquetball,
3 aerobics, 18-hole mini golf, softball field,
4 volleyball, Bocce, shuffleboard, children/adult family
5 activity programs. And also with great excitement,
6 we're currently constructing a 48,000 square foot
7 indoor water park scheduled to open in 2008.

8 And now onto our true reason for making
9 these presentations this morning, which are our
10 concerns that relate to the existing language of Act
11 71, which does not clearly provide adequate
12 definition.

13 The primary concerns of Vacation Charters
14 relate to, number one, the PGCB, allowing the other
15 departments of Pennsylvania government, especially the
16 Department of Revenue and Liquor Control Board to
17 provide a unified definition of a resort/hotel.
18 Number two, acknowledge that by the PGCB that
19 registered guests at our Mountain Laurel facility
20 which have access --- would have access to the gaming
21 area at Split Rock, which are both under common
22 management maintenance and reservations.

23 Number three, the PGCB acknowledging a
24 timeshare room or suite as the equivalent to a hotel
25 room or suite. Timeshare subscribers will not have

1 any deeded rights or any greater rights than
2 traditional hotel reservation guests. The timeshare
3 guests operate under an advanced reservation
4 agreement, they also pay applicable hotel occupancy
5 taxes.

6 Act 71 does not indicate the term hotel
7 was intended to be defined as more restrictive than
8 the tax or the liquor codes.

9 The inclusion of a guest who reserves,
10 through their timeshare agreement, is paramount in the
11 viability of our project. The PGCB defining a patron
12 of the amenities in the way that not only recognizes
13 the different type of patrons, but the different forms
14 or their duration of participation.

15 For example, we offer annual and seasonal
16 memberships to many of our amenities. We believe that
17 an individual paying \$1,600 for a golf membership
18 should be considered a patron of the amenities, having
19 access to the gaming facility.

20 Timeshare members, after paying thousands
21 for their membership also pay an annual maintenance
22 fee, which entitles them the use of amenities while
23 not in the residence. This membership should also be
24 considered a patron of amenities, in our opinion.

25 Gaming patrons cannot and should not be

1 determined on what they spent or what amenity they
2 used on a particular day. The current interpretation
3 of Act 71 severely restricts the Cat 3 applicant from
4 allowing access to these patrons in the gaming area.

5 The definition of patron of the amenity
6 which takes into consideration various amenities
7 scenarios is critical for all interested parties in
8 determining the feasibility of a Cat 3 license.

9 We believe that it's important to the
10 process, that the definitions be clearly detailed now
11 before more resources are expended by the applicants
12 and also by the Board. Further defining patron of
13 amenities in the way that meets the clear requirements
14 of the Act, but which does not necessarily restrict
15 traffic, will make the project economically feasible
16 to the potential applicants, and better realize the
17 public benefits envisioned by the General Assembly.

18 Thanks, again, for your time this
19 morning. We look forward to a positive and prudent
20 reaction from the Board that will serve the public and
21 the applicants as well.

22 CHAIRMAN DECKER:

23 Any questions? Any questions?

24 MR. COY:

25 So you believe --- Mr. Chairman, you

1 believe that the patron amenities, what's your time
2 limit? Can you buy a golf membership for a year? How
3 long --- just during that year you would be a patron
4 or does it last longer than that?

5 MR. DICKINSON:

6 We have thought beyond that, but
7 certainly with the scope of that year, we would expect
8 that that applicant would be --- or excuse me, that
9 member would be able to have access to the gaming
10 facility. It seems reasonable.

11 MR. MCCABE:

12 Mr. Chairman?

13 CHAIRMAN DECKER:

14 Please.

15 MR. MCCABE:

16 I have a question on the maintenance
17 fees ---

18 MR. DICKINSON:

19 Yes.

20 MR. MCCABE:

21 --- by the owners of the timeshares. Is
22 that billed on a monthly basis or a yearly basis?

23 MR. DICKINSON:

24 It's done on an annual basis.

25 CHAIRMAN DECKER:

1 Explain to us your timeshares again,
2 please. Is it common ownership, or are these
3 separately deeded?

4 MR. DICKINSON:

5 We have a total of 90 out of 509 on the
6 Split Rock facility that are deeded, but that also is
7 a common ownership owned by Vacation Charters,
8 Limited.

9 CHAIRMAN DECKER:

10 Okay. So that's still well above 275 ---

11 MR. DICKINSON:

12 That's correct.

13 CHAIRMAN DECKER:

14 --- if I'm doing my math correct.

15 MR. DICKINSON:

16 Yes, sir.

17 CHAIRMAN DECKER:

18 Okay. How far away is --- I think you
19 said Mountain Laurel is 4.2 miles away?

20 MR. DICKINSON:

21 That's correct.

22 CHAIRMAN DECKER:

23 Is that within the 15-mile restriction of
24 our currently approved applicant Mt. Airy?

25 MR. DICKINSON:

1 It's outside of it, yes.

2 CHAIRMAN DECKER:

3 It's outside of that?

4 MR. DICKINSON:

5 Yes. Split Rock is outside of Mohegan
6 Sun and also Mt. Airy.

7 CHAIRMAN DECKER:

8 They're both outside. Both these
9 locations are outside, including the 4.2?

10 MR. DICKINSON:

11 Correct. Yeah, we've had that verified
12 by an engineer.

13 CHAIRMAN DECKER:

14 Okay. Any other questions? Thank you
15 very much for your testimony.

16 MR. DICKINSON:

17 Thank you very much.

18 CHAIRMAN DECKER:

19 Thanks for coming.

20 MS. NEEB:

21 Thank you. Next up we have Judy
22 Eschberger of Aurora Gaming.

23 CHAIRMAN DECKER:

24 Good morning. Thank you for coming.

25 MS. ESCHBERGER:

1 Good morning. My name is Judy
2 Eschberger, and I'm with Novak Strategic Advisors.
3 We're a public affairs consulting firm, and we
4 represent Aurora Gaming.

5 Prior to our representation of Aurora
6 Gaming, we represented another Category 3 applicant,
7 and in that representation we lobbied this issue with
8 the legislature.

9 We were always led to believe by the
10 individuals who were lobbying that the intent of the
11 resort license was to be an enhanced amenity at the
12 property. So it's an established resort within the
13 Commonwealth.

14 The concern was that if a resort license
15 was added, it didn't contain language
16 well-established, that individuals from outside of the
17 Commonwealth will come in, build large properties and
18 file applications, or that there will be the situation
19 that Chairman Decker eluded to where a motel or hotel
20 came along and had a number of rooms and then sent
21 someone down the street for dinner or to the Y to play
22 tennis or racquetball, and they could somehow qualify
23 as a resort.

24 We believed in our conversations with the
25 legislature that a resort would have to have a number

1 of amenities, but that the listing in those
2 legislations was not to be all inclusive. By way of
3 example, at one point there was a draft that included
4 language about skiing and equestrian, and was much
5 more inclusive, and it was broken down into a smaller
6 list, so as not to lead anyone to believe that those
7 were the only things that would qualify as a resort.

8 We also believe that the issue of whether
9 or not an individual had spent a non-de minimis amount
10 should be given a literal reading, so that an
11 individual who pays for a round of golf or a season
12 pass or lift tickets, be provided something like a
13 swipe card, where the amount that they have paid was
14 put on that card, so that every time they spent money
15 at the resort it was added onto that swipe card and
16 then every time they wanted to go into the casino, it
17 came off.

18 Likewise, someone who would pay
19 membership dues, either through a timeshare or
20 maintenance dues, would have that added onto that same
21 type of swipe card, allowing for a build up of money
22 every time they came in and bought drinks or bought
23 dinner, went to a bakery, took their kids to the
24 bowling alley, whatever they spent money on, it could
25 go on that card, and then they could likewise go into

1 the slot facilities and gain, you know, at their
2 convenience, whenever they were at the facility.

3 We have come right now to the point where
4 we have some questions regarding how the number of
5 rooms will be interpreted. Will rooms that are in a
6 rental program with a resort owner --- so that if a
7 hotel room is rented and the hotel is full, will the
8 additional rooms in condos, or in other buildings that
9 are owned, but within a rental program be counted
10 towards the room count?

11 And whether an individual who is planning
12 to buy an existing resort that has a number of rooms,
13 some which are located in a hotel and others which are
14 located in a rental program, who intend to build a
15 larger facility onsite, will that individual be able
16 to apply for a license?

17 If at this minute you find they don't
18 meet the 275 room requirement, they may be close, but
19 at the time they're going to be receiving a license,
20 they'll have a building up that far exceeds that room
21 count, including their current rooms.

22 So those are some of the questions we're
23 struggling with. We're concerned about the concept of
24 individuals being able to use restaurants and
25 facilities outside of the resort property and then

1 being able to come back and be considered a patron of
2 the amenities.

3 We're concerned that the Gaming Control
4 Board won't have any control over whether or not that
5 person is actually a patron at that location or
6 whether the individual --- how that individual is
7 running their business, any check on as you would on a
8 licensed facility and the ability to check how that
9 business is functioning and whether it's functioning
10 legally.

11 We do believe that the Category 3 license
12 was added in order to enhance economic development as
13 well as tourism within some rural areas that have
14 large resort property currently within the
15 Commonwealth.

16 We have questions regarding the timing of
17 the license application, whether you see it as a
18 compressed time frame or whether it would take about a
19 year, as it did with the Category 1 and 2 licenses. I
20 think those are all the issues.

21 Oh, whether or not a temporary facility,
22 what the timing of that would be, how an individual
23 who put the temporary facility in would function,
24 going forward in the building of the facility, whether
25 they could build a temporary facility while also

1 constructing a larger unit to accommodate the number
2 of rooms that are required by the Act. So that when
3 they arrive at final licensure they got the --- in
4 excess of the number of rooms required by law. That's
5 it.

6 CHAIRMAN DECKER:

7 Thank you. Any questions? Please.

8 MR. MCCABE:

9 You raised a lot of concerns, part I
10 think this informational hearing is about hearing the
11 answer. What are your opinions on some of these
12 concerns to help us gather the facts and information
13 to make an intelligent decision, based on the input of
14 potential applicants, the legislature, the public?
15 What's your answer to some of these questions that you
16 posed to us?

17 MS. ESCHBERGER:

18 We would suggest that the room count be
19 allowed to be given a liberal reading so that at the
20 time of licensure, is the time that the actual room
21 count must be 275. If a facility is close in time, or
22 close in number of rooms at the time of application or
23 has a number of rooms within a rental program, that
24 individuals who come to the facility can stay in a
25 timeshare-type room. We believe the suggestion that

1 you look at whether or not hotel tax is charged on
2 those rooms, that that be a good guiding factor as to
3 whether or not that's actually counted as a guestroom.

4 We don't believe that at the time of
5 application, you need to have the room count. If you
6 read the Act, it says to be eligible for the license.
7 So if you allow an individual to apply for the
8 license, they become, through your process, eligible
9 to actually take the license, through your analysis of
10 whether or not they will have the criteria at the time
11 of licensure.

12 MR. RIVERS:

13 If we take your liberal interpretation,
14 in terms of dealing with this at the time of
15 licensure, and if we have five applicants, are you
16 saying that all five applicants would be working
17 towards meeting that number before they knew they were
18 going to get a license, if they were deficient in the
19 number of rooms?

20 CHAIRMAN DECKER:

21 Or would we have to wait? Give a license
22 and then wait for them to build something for two
23 years?

24 MS. ESCHBERGER:

25 No. I believe you could award the

1 license, but yes, they would be filing their
2 applications and working toward the process of
3 awarding the license and building the facility so that
4 at the final ---- when they're ready to take
5 possession of that license, that they have that room
6 count.

7 MR. COY:

8 And yet that phrase, at the time of
9 license seems to be a little bit in conflict with the
10 well-established resort phrase.

11 MS. ESCHBERGER:

12 No, because you could still be a
13 well-established resort and have the ability --- and
14 you could be near the 275 room count at the time you
15 apply. You can have the golf course and a ski slope
16 and restaurants and conference facilities, and perhaps
17 150 or 200 rooms, as opposed to 275. But you may be
18 contemplating, in addition to that, you're going to
19 build, you know, an additional facility, a hotel to go
20 along with a slot facility.

21 MR. SOJKA:

22 May I?

23 CHAIRMAN DECKER:

24 Please.

25 MR. SOJKA:

1 Mr. Chairman, yes. Ms. Eschberger, the
2 interpretation that would be good for you with the
3 rooms, described as being liberal, but it struck me
4 that your concerns about regulations, and particularly
5 external amenities, your concerns are that we might be
6 too liberal. Would that be the case?

7 MS. ESCHBERGER:

8 A little bit. I mean, I think it would
9 allow --- the example of a motel that has absolutely
10 no facilities, but enters into an agreement with the
11 restaurant next door and the tennis court down the
12 street, and maybe a banquet hall, all of a sudden that
13 hotel has become a resort, and it's got no other
14 facilities.

15 MR. RIVERS:

16 But doesn't the law preclude that from
17 happening by saying it has to have a history?

18 MS. ESCHBERGER:

19 That hotel has been standing there for
20 15, 20 years.

21 MR. RIVERS:

22 No, history as a resort.

23 MS. ESCHBERGER:

24 Right. But what makes it a resort, I
25 guess, is the question, and we would say what makes it

1 a resort is having the banquet facility, not going to
2 those outside contracts to get your amenities. What
3 makes it a resort is having the amenities.

4 MR. MCCABE:

5 I think it goes to the question I asked
6 earlier. Should we define resort, because there's
7 resorts and then there's hotels?

8 CHAIRMAN DECKER:

9 Okay. Any other questions? Thank you
10 very much for coming today.

11 MS. ESCHBERGER:

12 Thank you.

13 CHAIRMAN DECKER:

14 All right. Anne?

15 MS. NEEB:

16 Thank you. The next individual
17 testifying is Marie Jones on behalf of Resorts USA,
18 Inc., Fernwood Hotel and Resort.

19 ATTORNEY JONES:

20 Good morning, Mr. Chairman, members of
21 the board. Marie Jones from Fox Rothschild here on
22 behalf of Resorts USA, which does business as Fernwood
23 Hotel and Resort.

24 With me today are two of the owners and
25 officers of Fernwood, Thomas Casale, vice president

1 and general counsel, and Kevin Lavelle, chief
2 financial officer. We would like to thank the Board
3 for letting us speak to you today. We've already
4 found it very beneficial.

5 Resorts have two issues that we'd like to
6 bring before you, one is the definition of guestrooms
7 and the other is the monetary requirement and whether
8 it should be daily, weekly, monthly or annually.

9 With respect to the definition of a
10 guestroom, I previously provided the Chief Counsel
11 Donaghue, a proposed definition, which reads any room
12 in a hotel that can be rented for an overnight stay,
13 including timeshare units within a facility that are
14 unsold and that can be rented by the facility to
15 overnight guests.

16 As required by Section 1305 of the Act,
17 the guestrooms would need to be under common
18 ownership, but we believe this is a very good
19 definition, as it includes unsold timeshare units
20 within the control of the hotel, but excludes sold
21 timeshared units that the hotel cannot rent.

22 This is also consistent with the
23 Pennsylvania sales tax requirement. If a guestroom is
24 rented by the hotel, they have to pay sales tax.
25 However, a timeshare unit, they do not. A person owns

1 it, they don't pay timeshare --- or they don't pay
2 sales tax when they come and stay for their week.

3 It's also consistent with county excess
4 tax on hotel rooms. Monroe County, which has the most
5 comprehensive definition of hotel timeshare units,
6 which are marketed as hotel rooms within the
7 definition of a room to be taxed.

8 Also, in the general definition of a
9 hotel, it has it as being available to provide
10 overnight lodging for consideration to people seeking
11 temporary accommodations.

12 Other counties within the Commonwealth do
13 not have such a broad definition that includes
14 timeshare units, basically because they don't have to
15 address it, but they do have the hotel definition that
16 is similar to Monroe County.

17 So therefore, we believe there should be
18 that distinction that timeshare units that are
19 available to be rented as guestrooms and that are not
20 sold, and that the facility pays sales tax on, be
21 included in the definition.

22 We would also like to address whether
23 monetary requirements should be daily, weekly, monthly
24 or annually. We believe it should be annually. The
25 reason is, as discussed earlier, the individuals who

1 prepay for something, such as a food card, where they
2 put a \$100 on the food card, and each time they go in
3 and spend \$25, it be allowed to go into the facility.
4 Another example that was discussed earlier is the
5 annual fee for such things as a golf course. \$500,
6 but they would be allowed to use the facility up until
7 that amount is expended.

8 We have not really gotten into the
9 details of how that would work, but the suggestion of
10 the swipe card, something similar, where it's a debit
11 against the annual fees would probably be a realistic
12 way of handling that.

13 I'll be happy to address any questions
14 you have.

15 CHAIRMAN DECKER:
16 Questions?

17 MR. SOJKA:

18 I have a question on the room definition.
19 I just want to make sure I'm understanding it. Let's
20 take an example. Let's say that there are 280
21 existing rooms total, including unsold timeshares that
22 can be rented, and the license is qualified for and
23 granted, and then the sales office gets busy and sells
24 20 of those, they fall below the number, do you lose
25 the license?

1 CHAIRMAN DECKER:

2 I had exactly the same question.

3 ATTORNEY JONES:

4 They would be prohibited at that point.

5 They'd have to always maintain the 275 room level.

6 They would not be able to go below it.

7 MR. SOJKA:

8 Okay. But that means once you get down
9 to 275, those are no longer potential timeshares, they
10 are hotel rooms?

11 ATTORNEY JONES:

12 Basically, yes.

13 CHAIRMAN DECKER:

14 But you would also include deeded rooms,
15 right here, deeded to other parties, and a true
16 timeshare, for example.

17 ATTORNEY JONES:

18 If they're deeded to other parties, they
19 could be excluded on --- the way it's set up now, if
20 you're talking more of the units, but yes, it's
21 workable with the deeded units excluded.

22 CHAIRMAN DECKER:

23 Well, what about if they're included in
24 the rental? They're owned by others, but somebody
25 owns them for two weeks or four weeks then says put

1 them in a rental pool, you know, I don't want to use
2 them?

3 ATTORNEY JONES:

4 If they're in the rental pool, where the
5 hotel can market them as guestrooms, and they would
6 have to pay the sales tax, then we think they should
7 be included.

8 CHAIRMAN DECKER:

9 Whether they're owned by the common
10 ownership or not?

11 ATTORNEY JONES:

12 Yes. Well, no, they would still --- then
13 the common ownership question comes into play.

14 MR. ANGELI:

15 The key seems to be the hotel tax.

16 CHAIRMAN DECKER:

17 That's two different things. One is the
18 --- clearly there's hotel tax if you own it, but there
19 also appears to be a hotel tax rate.

20 MR. ANGELI:

21 Yeah.

22 CHAIRMAN DECKER:

23 Even if you don't own it. So no common
24 ownership, ---

25 MR. ANGELI

1 Right.

2 CHAIRMAN DECKER:

3 --- there's the hotel tax. If you hold
4 it for the rent. So the question is, does that cause
5 that enough to make it common ownership? That's the
6 question we're faced with, and that's --- we're
7 struggling with that.

8 ATTORNEY JONES:

9 I'm a little confused at the question.

10 CHAIRMAN DECKER:

11 Well, there's two types of what we have
12 heard talked about. We've heard ownership, not by ---
13 well, ownership of these timeshares, one is whether
14 they're sold to third-parties, deeded to third
15 parties.

16 ATTORNEY JONES:

17 Correct.

18 CHAIRMAN DECKER:

19 Either 100 percent, or sometimes they're
20 sold in eights, if I understand it correctly. And
21 those then quite often are used, or they can be turned
22 into a rental pool to the owner of the resort and
23 rented.

24 ATTORNEY JONES:

25 Right.

1 CHAIRMAN DECKER:

2 Even though they're deeded and owned by
3 someone else.

4 ATTORNEY JONES:

5 Correct.

6 CHAIRMAN DECKER:

7 And there's the other type, which is a
8 licensed fee, if you will. Someone pays a fee, like a
9 rental unit, and they own the right to use that
10 facility for some period of time, but they --- after
11 that time period ends, it's always owned by the same
12 ownership that runs the resort. But basically it's an
13 extent of the lease payment or something else. So
14 there are two different types of ownership, again, as
15 we understand it.

16 The question I think we're raising is in
17 the situation where the resort does not own --- does
18 not own the room, or the suite or whatever it is, but
19 it's still rented, at least part of the time, should
20 that be counted?

21 ATTORNEY JONES:

22 I think, in my opinion, with the deed
23 they pay the realty transfer tax, but with the license
24 they pay, this is my understanding, again, the sales
25 tax. But if they're back in the pool, you would have

1 the sales tax requirement and that's when I think they
2 should be included.

3 CHAIRMAN DECKER:

4 Included in the definition of a room?

5 ATTORNEY JONES:

6 Right.

7 CHAIRMAN DECKER:

8 Whether they're owned by someone else or
9 owned by the resort itself, as long as they're being
10 rented, that's your position?

11 ATTORNEY JONES:

12 As long as they're being rented.

13 MR. ANGELI:

14 Going back to that. If you had two ---
15 if you established that when you got the license there
16 were 275 rooms total, some of them used to be
17 timeshares but they're not anymore, and they're never
18 going to be a timeshare again, then that's the
19 qualification. They could never go back to a
20 timeshare room?

21 ATTORNEY JONES:

22 Correct.

23 MR. ANGELI:

24 So that justifies the 275 number. And
25 now the other issues are moot, because you do what you

1 want with them, because you have established the 275.
2 That's what you're saying.

3 ATTORNEY JONES:

4 Correct.

5 CHAIRMAN DECKER:

6 Any other questions? Thank you very much
7 for coming in today.

8 ATTORNEY JONES:

9 Thank you.

10 MS. NEEB:

11 Those are the only guests that asked to
12 speak. I don't think there's anyone else here, but
13 you may just want to check to see if anyone else came.

14 CHAIRMAN DECKER:

15 Anyone else? Okay. No Category 1s and
16 2s? Okay. Thank you.

17 MS. NEEB:

18 We'll turn it over to Steve.

19 ATTORNEY COOK:

20 Mr. Chairman, members of the board, Steve
21 Cook from the Office of Chief Counsel. We would like
22 to move the admission of the written comments that
23 were submitted by Category 1 --- successful Category 1
24 applicant license holder, Mohegan Sun, that we
25 received yesterday.

1 MR. SOJKA:

2 So moved.

3 CHAIRMAN DECKER:

4 Second?

5 MR. MCCABE:

6 Second.

7 CHAIRMAN DECKER:

8 Anybody object? Please, motion carries.

9 ATTORNEY COOK:

10 Thank you.

11 CHAIRMAN DECKER:

12 Do you want to talk about those briefly
13 while we're here, just for two minutes? I'm sort of
14 putting you on the spot, but just for the public ---.

15 ATTORNEY COOK:

16 The comments generally ---.

17 CHAIRMAN DECKER:

18 It's just from Mohegan Sun; correct?

19 ATTORNEY COOK:

20 Just Mohegan Sun, Mr. Chairman.

21 Generally I don't have the comments in front of me.

22 CHAIRMAN DECKER:

23 That's okay.

24 ATTORNEY COOK:

25 Mohegan Sun generally has asked for a

1 relatively strict interpretation of the statute. It
2 essentially is looking for the amenities to be onsite
3 amenities and the non-de minimis level to remain at
4 the \$25 rate.

5 CHAIRMAN DECKER:

6 Any questions for Steve? Thanks Steve.

7 ATTORNEY COOK:

8 Thank you very much.

9 CHAIRMAN DECKER:

10 We have a couple things to do. Are we
11 finished with this topic?

12 MS. NEEB:

13 We're finished with the Category 3
14 hearings, and we just have other business of the Board
15 we need to take up. If the Board wants to take a
16 break or if you want to continue?

17 CHAIRMAN DECKER:

18 Do you want to take a quick break?

19 MR. ANGELI:

20 Sure.

21 CHAIRMAN DECKER:

22 Fifteen (15) minutes.

23 SHORT BREAK TAKEN

24 CHAIRMAN DECKER:

25 We're going to get started again. Thank

1 you. I think next up is our Director of
2 Administration, Mike Walsh. Mike?

3 MR. WALSH:

4 Thank you, Mr. Chairman, members of the
5 board. On behalf of the Executive Director and Bureau
6 Directors, I'm pleased to present five candidates for
7 consideration by the Board today. As is custom, all
8 candidates for employment have undergone a background
9 investigation, including a drug screening, the results
10 of which had been approved by the Board.

11 I will read the candidates now in the
12 Office of Chief Counsel. We have Sharon Reisinger as
13 an Administrative Assistant in the Bureau of
14 Investigations and Enforcement. Robert Lynch as a
15 Casino Enforcement Agent at Pocono Downs in the Office
16 of Chief Enforcement Counsel. Autumn Farkas as an
17 Administrative Assistant in the Bureau of Licensing.
18 Kathy Black as an Administrative Assistant. And in
19 our Bureau of Administration, someone who's been with
20 us for a while in a temporary capacity, Rita Spittler,
21 to serve as our Main Office Receptionist.

22 And we would respectfully request a
23 motion by the Board to approve these hires.

24 CHAIRMAN DECKER:

25 May I have a motion to that effect,

1 please?

2 MR. RIVERS:

3 Yes. Mr. Chairman, based on the
4 recommendation of the Director of Administration, I so
5 move that we hire the five individuals mentioned.

6 MR. COY:

7 Second.

8 CHAIRMAN DECKER:

9 Second. Thank you. Any questions or
10 comments? All those in favor?

11 AYES RESPOND

12 CHAIRMAN DECKER:

13 Any against?

14 NO RESPONSE

15 CHAIRMAN DECKER:

16 The motion carries. Thank you, Michael.
17 Anything else?

18 MR. WALSH:

19 No. Thank you.

20 CHAIRMAN DECKER:

21 Thank you. Next up is the Chief Counsel,
22 Frank Donaghue. Please.

23 MR. COY:

24 I was going to ask, do we know where our
25 minority statistics are now with those?

1 CHAIRMAN DECKER:

2 There it is.

3 MR. WALSH:

4 Commissioner Coy, I get a report on the
5 25th of every month from our staff. And as of the
6 25th, we were a little greater than 18 percent.

7 MR. COY:

8 The 25th of March.

9 MR. WALSH:

10 I'm sorry. Yes, the 25th of March, we
11 were a little greater than 18 something percent,
12 minority representation in the agency. And that had
13 grown from when we talked before, 14 percent, 16
14 percent, so I think we continue to try to head in that
15 direction, and ---.

16 MR. COY:

17 Thank you.

18 MR. WALSH:

19 I appreciate it.

20 CHAIRMAN DECKER:

21 Thanks a lot. Okay. Next up is our
22 Chief Counsel Frank Donaghue. I think we have a
23 couple packages of temporary regs to consider today?

24 ATTORNEY DONAGHUE:

25 That's correct, Mr. Chairman.

1 CHAIRMAN DECKER:

2 As well, as approving a floor plan for
3 Meadows, I think are the items.

4 ATTORNEY DONAGHUE:

5 Good morning, and thank you for the
6 opportunity to present the regulations today. Joining
7 me is Richard Sandusky, the director of our regulatory
8 review as well as Susan Hensel, the Director of our
9 Licensing. We do have a number of temporary
10 regulations we would like the Board to consider this
11 morning. And with that, I'll turn it over to Richard.

12 MR. SANDUSKY:

13 Good morning. The first package for the
14 Board's consideration this morning are temporary
15 amendments to our chapters dealing with a number of
16 our licensees. It includes Chapter 435, which covers
17 employees that would be gaming and non-gaming and key
18 employees. Chapter 437 concerning vendors. We also
19 have proposed amendments to Chapter 441, which covers
20 slot machine licensees, and we are combining into 441
21 what was Chapter 443, which dealt with some specifics
22 again on slot licensees.

23 Also included in this package was a brand
24 new chapter, Chapter 433, which addresses principal
25 licenses. Principals used to be dealt with in chapter

1 435. We have put them in a separate chapter, because
2 we have expanded in the regulation details concerning
3 who must be registered as a principal.

4 Susan is available to answer any specific
5 questions you might have on the various chapters. If
6 there are no questions, we'd ask for a motion for
7 adoption.

8 CHAIRMAN DECKER:

9 Thank you. May I have a motion that
10 effect, please?

11 MR. ANGELI:

12 Yes. Mr. Chairman, I move the Board
13 adopt the amendment for temporary Chapters 401, 433,
14 435, 437, 441 and 443. And that the amendment for the
15 temporary Chapters 433, 435, 437, 441 and 443
16 published in the Pennsylvania Bulletin and be posted
17 on the Board's website.

18 CHAIRMAN DECKER:

19 Second?

20 MR. SOJKA:

21 Second.

22 CHAIRMAN DECKER:

23 Thank you. Any questions or comments?

24 Hearing none, all those in favor.

25 AYES RESPOND

1 CHAIRMAN DECKER:

2 Any opposed?

3 NO RESPONSE

4 CHAIRMAN DECKER:

5 The motion carries. Thank you very much.

6 ATTORNEY DONAGHUE:

7 Next, Mr. Chairman, Richard's going to
8 discuss temporary regulations concerning Chapter 429.

9 MR. SANDUSKY:

10 Chapter 429 is a new chapter. As part of
11 the amendment in Act 135 there was a new entity
12 created called a manufacturer designee. These are
13 entities that would be in a one-to-one relationship
14 with a manufacturer who would be able to sell the
15 manufacturer's product and service them.

16 This is somewhat similar to a supplier.
17 The unique feature here is the one-to-one relationship
18 and that if a manufacturer designee wanted to serve
19 more than one manufacturer, they would come in and
20 seek additional licensure for those additional
21 manufacturers.

22 Once again, Susan will answer any
23 technical questions you have, and if there are none,
24 we would ask for a motion.

25 CHAIRMAN DECKER:

1 May I have a motion concerning Chapter
2 429? Do I got it right?

3 MR. SANDUSKY:

4 That's correct, 429.

5 CHAIRMAN DECKER:

6 429. Thank you.

7 MR. COY:

8 Mary is no longer with us.

9 CHAIRMAN DECKER:

10 Yeah, I think Mary is still there.

11 MR. ANGELI:

12 Mr. Chairman, I would like to make that
13 motion that the Board adopt resolution 2007-6 reg,
14 adopting temporary regulation Chapter 429, and that
15 temporary regulation, Chapter 429, be published in the
16 Pennsylvania Bulletin and be posted on the Board's
17 website.

18 MR. SOJKA:

19 Second.

20 CHAIRMAN DECKER:

21 Thank you. Do we have any questions?

22 All those in favor.

23 AYES RESPOND

24 CHAIRMAN DECKER:

25 Any opposed?

1 NO RESPONSE

2 CHAIRMAN DECKER:

3 The motion carries. Thank you.

4 ATTORNEY DONAGHUE:

5 Next, Mr. Chairman, and fellow board
6 members, Richard's going to discuss temporary
7 regulations concerning Chapters 401, 405, 423 and 461.
8 Richard?

9 MR. SANDUSKY:

10 Okay. These amendments are in large part
11 brought forth by our Bureau of Investigation and
12 Enforcement and the Office of Chief Enforcement
13 Counsel. What these amendments do is bring clarity to
14 the regulations concerning what BIE will be conducting
15 audits of. They also spell out in greater detail the
16 complaint procedure that will be used by BIE in
17 enforcement actions.

18 It includes in Chapter 423 an amendment
19 which outlines how we will handle requests for denial
20 or recommendations for denial, individuals will
21 receive a letter, and they will be given an
22 opportunity for hearing. This is a procedure we've
23 been using but previously was not in the regulations.

24 Finally, in Chapter 461 we're adding some
25 procedures that were recommended by the gaming

1 laboratory, and these will require that prior to any
2 live testing on the gaming floor or prior to any
3 modifications of software for slot machines or
4 associated equipment, a minimum of 72 hours notice
5 must be provided to the gaming lab along with
6 extensive documentation outlining what testing or
7 modifications are going to be made. This will allow
8 our gaming lab to review those in advance, and if
9 necessary be on site to make sure there are no
10 problems with these activities.

11 CHAIRMAN DECKER:

12 Thank you. May I have a motion
13 concerning these chapters?

14 MR. COY:

15 Mr. Chairman, I move that the Board adopt
16 the amendments to Chapters 401, 405, 423 and 461,
17 temporary regulations and that they be published in
18 the Pennsylvania Bulletin and posted on the Board's
19 website.

20 CHAIRMAN DECKER:

21 Thank you. Do I have a second?

22 MR. MCCABE:

23 Second.

24 CHAIRMAN DECKER:

25 Thank you. Any questions? All those in

1 favor.

2 AYES RESPOND

3 CHAIRMAN DECKER:

4 Any opposed?

5 NO RESPONSE

6 CHAIRMAN DECKER:

7 The motion carries.

8 ATTORNEY DONAGHUE:

9 And next Richard will be discussing
10 temporary amendments related to Chapters concerning
11 compulsive gaming, self-exclusion lists and exclusion
12 requirements.

13 MR. SANDUSKY:

14 In this package, what we're presenting to
15 the Board are a series of ominous amendments to
16 Chapter 105. And these are based on experience that
17 man has gained working with the licensees in the
18 opening of the first four facilities in the
19 Commonwealth and clarifying points concerning the
20 filing of compulsive and problem gaming plans.

21 The amendments in Chapters 403, 411 and
22 413 will give the Board the latitude to decide what
23 happens to any funds that are forfeited from someone
24 who has found gaming in the facility, who is either on
25 a self-exclusion list, underage or on the excluded

1 persons list. Nan is available to answer any specific
2 questions you may have on this.

3 CHAIRMAN DECKER:

4 May I have a motion concerning these
5 chapters, please?

6 MR. MCCABE:

7 Mr. Chairman, I would like to move that
8 the Board adopt the amendments to the Chapters 501,
9 503, 511 and 513, temporary regulations, that they be
10 published in the Pennsylvania Bulletin and be posted
11 on the Board's website.

12 CHAIRMAN DECKER:

13 Thank you. Second?

14 MR. SOJKA:

15 Second.

16 CHAIRMAN DECKER:

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

19 AYES RESPOND

20 CHAIRMAN DECKER:

21 Any opposed?

22 NO RESPONSE

23 CHAIRMAN DECKER:

24 The motion carries. I think you have one
25 more.

1 ATTORNEY DONAGHUE:

2 And the final temporary regulation goes
3 to Chapter 465.

4 MR. SANDUSKY:

5 In this chapter, the staff is
6 recommending that two changes be made. The first is a
7 clarifying amendment that requires that each of these
8 six major department heads report directly to the
9 Chief Executive Officer. In other words, each of
10 these functions will operate separately, and they will
11 separately report to the Chief Executive Office as an
12 integral part of the checks and balances in the
13 internal control process.

14 The second amendment is one that will
15 give facilities a little more flexibility when it
16 comes to verifying the validity of checks in the
17 excess of \$500 or more that are presented at the
18 cashier's cage. What this amendment will allow the
19 facilities to do is either directly verify that funds
20 are available for the check, or use a check
21 verification and warranty service, which will
22 guarantee payment of funds, you know, on the check.

23 CHAIRMAN DECKER:

24 Okay. Thank you. May I have a motion
25 concerning this chapter, please?

1 MR. RIVERS:

2 Yes. Mr. Chairman, I move that the Board
3 adopt amendments to Chapter 465 to vary regulations
4 and that they be published in the Pennsylvania
5 Bulletin as well as posted on the Board's website.

6 MR. SOJKA:

7 Second.

8 CHAIRMAN DECKER:

9 Thank you. Any questions or comments?
10 Hearing none, all those in favor.

11 AYES RESPOND

12 CHAIRMAN DECKER:

13 Any opposed?

14 NO RESPONSE

15 CHAIRMAN DECKER:

16 The motion carries. Thank you very much,
17 Richard and Susan. Frank, I think you have one more
18 item?

19 ATTORNEY DONAGHUE:

20 That's correct. Next we'd like the Board
21 to consider the approval of the proposed casino floor
22 plan for Washington Trotting Association, and here
23 this morning is Kevin Hayes, Assistant Chief Counsel
24 just to discuss that matter.

25 ATTORNEY HAYES:

1 Good morning, Mr. Chairman and members of
2 the Board. As a prerequisite to the Board's
3 authorization to commence slot operations at the
4 Meadows Racetrack and Casino, I'd like to present for
5 the Board's consideration, the operator's floor plan,
6 which depicts the gaming floor itself and all
7 amenities and restricted areas that will service the
8 slot operations.

9 For consideration today is a floor plan
10 submitted by conditional Category 1 licensee
11 Washington Trotting Association, Inc., hereafter
12 referred to as WTA, and prepared by Climans Green
13 Liang Architects, Inc. It depicts a gaming floor of
14 45,660 square feet with a maximum slot configuration
15 of 1,738 slot machines. The slot machines are denoted
16 by bank, denomination and manufacturer.

17 In addition, the floor plan of the
18 Meadows Racetrack and Casino depicts the security
19 zones, slot seating, drop routes, juvenile
20 ingress/egress, amenities serving the facilities,
21 including the count room, cashier's cage, central
22 vault, automatic teller machines and voucher
23 redemption machines.

24 The floor plan is proprietary to WTA, as
25 it depicts in detail its surveillance and security

1 plans, and will be treated as a confidential
2 submission to the Board.

3 I would like to note that the gaming
4 floor being presented to the Board today is for a
5 temporary facility. As a condition to its license,
6 WTA acknowledged that it must develop and occupy
7 within the time limitations mandated under Section
8 1207 of the Act, a permanent facility substantially
9 similar to the permanent facility proposed in its
10 application to the Board and presented at its
11 September 2006 suitability hearing.

12 The Board's approval of the floor plan
13 for WTA's temporary facility will expire in 24 months.
14 I respectfully request that the Board adopt the
15 resolution approving the floor plan submitted by
16 Washington Trotting Association, Inc.

17 CHAIRMAN DECKER:

18 Thank you.

19 MR. ANGELI:

20 Mr. Chairman, I move the Board adopt ---
21 move that the Board approve the floor plan as
22 presented by Washington Trotting Association,
23 Incorporated.

24 CHAIRMAN DECKER:

25 Second?

1 MR. SOJKA:

2 Second.

3 CHAIRMAN DECKER:

4 Thank you. Any questions? So it would
5 be two years? They have to finish this within two
6 years?

7 MR. HAYES:

8 Correct.

9 CHAIRMAN DECKER:

10 Two years. Any questions? Hearing none,
11 all those in favor?

12 AYES RESPOND

13 CHAIRMAN DECKER:

14 Any opposed?

15 NO RESPONSE

16 CHAIRMAN DECKER:

17 The motion carries. Thank you. Frank,
18 anything else?

19 ATTORNEY DONAGHUE:

20 Mr. Chairman, now I would like to turn it
21 over to Denyse Miskin, who is going to discuss the
22 internal controls for WTA.

23 CHAIRMAN DECKER:

24 Thank you. Good morning, Denyse.

25 MS. MISKIN:

1 Good morning. I would like to present
2 for the Board's consideration, the internal control
3 systems and audit protocol submitted by conditional
4 Category 1 slot machine licensee, Washington Trotting,
5 Inc., also known as Meadows Racetrack and Casino.

6 The internal control system, which WTA
7 has designed and submitted to the Board, meet the
8 minimum requirements set forth in Section 1322 of the
9 Act, including minimum design standards for
10 safeguarding assets and revenues, retaining accurate
11 and reliable financial records and ensuring complete
12 connectivity to the central computer system.

13 As a condition to the slot machine
14 license awarded on September 26th, WTA acknowledged
15 that its initial submission of internal control
16 systems is reviewed and approved in concept form, and
17 expressly agreed to immediately implement any
18 procedural revisions in its system, as requested by
19 the Board.

20 Having overseen a thorough analysis of
21 the internal control submission, I respectfully
22 recommend that the Board adopt the resolution
23 approving the proposed internal control systems and
24 audit protocols submitted by WTA, subject to the
25 condition that any implementation of an amendment to

1 the internal controls be proceeded by notice to the
2 Board in full conformance with Section 465.3 of the
3 Board's regulations and procedures, which will be
4 implemented by the Bureau of Corporate Compliance and
5 Internal Controls.

6 CHAIRMAN DECKER:

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

9 MR. SOJKA:

10 Yes. Mr. Chairman, I move that the Board
11 approve the proposed internal control systems and
12 audit protocol submitted by Washington Trotting
13 Association, Inc.

14 CHAIRMAN DECKER:

15 Thank you. A second.

16 MR. RIVERS:

17 Second.

18 CHAIRMAN DECKER:

19 Thank you. Any questions for Denyse?

20 Hearing none, all those in favor.

21 AYES RESPOND

22 CHAIRMAN DECKER:

23 Any opposed?

24 NO RESPONSE

25 CHAIRMAN DECKER:

1 The motion carries. Thank you, Denyse,
2 Frank, Kevin. Okay. I think that was our last
3 official item today. As a reminder, our next public
4 meeting will be held in Hearing Room One of the North
5 Office Building at 2:00 p.m., 2:00 p.m. on Monday,
6 April 9th. As with all of our meetings, this one is
7 also open to the public, obviously, and we look
8 forward to seeing all of you there.

9 Do any of the Board members have any
10 questions or comments before we adjourn? Hearing
11 none, may I have a motion to adjourn?

12 MR. SOJKA:

13 So moved.

14 CHAIRMAN DECKER:

15 Second?

16 MR. ANGELI:

17 Second.

18 CHAIRMAN DECKER:

19 Any opposed? The motion carries. Thank
20 you. We're adjourned. Thank you very much.

21 * * * * *

22 HEARING CONCLUDED AT 10:40 A.M.

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