

PENNSYLVANIA GAMING CONTROL BOARD
PUBLIC MEETING

NORTH OFFICE BUILDING
HARRISBURG ROOM 1
HARRISBURG, PENNSYLVANIA

JANUARY 24, 2008, 1:05 P.M.

BEFORE:

MARY DiGIACOMO COLINS, CHAIRMAN
RAYMOND S. ANGELI
JEFFREY W. COY
JAMES B. GINTY
KENNETH T. McCABE
SANFORD RIVERS
GARY A. SOJKA
DENNIS WOLFF, EX-OFFICIO MEMBER

HILLARY M. HAZLETT, REPORTER
NOTARY PUBLIC

1 I N D E X

2

3 WITNESS PAGE

4 Anne LaCour Neeb 5

5 Kevin Hayes 6

6 Eileen McNulty 12

7 Stacy Knavel 15

8 Doug Sherman 28

9 Frank Donaghue 37

10 Susan Hensel 34

11 Dennis Wolff 41

12 Cheryl Cook 43

13 Michael Walsh 54

14

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1 CHAIRMAN DiGIACOMO COLINS: All right. Good
2 afternoon, everyone. We'll begin and I'll introduce
3 myself. Again, I'm Mary Colins, Chairman of the
4 Pennsylvania Gaming Control Board.

5 I would like to welcome the Board and all of
6 you who are here today. A quorum of the Board being
7 present, this meeting is called to order.

8 We also have Dennis Wolff, Secretary of the
9 Department of Agriculture and ex-officio member of the
10 Board with us, Jennifer Langan is here on behalf of
11 State Treasurer Robin Weissmann, and Stacie Amsler is
12 attending on behalf of Secretary Thomas Wolf. So, thank
13 you all for being here.

14 Now, would everyone please make sure that your
15 cell phones and your BlackBerries and other electronic
16 devices are turned off.

17 We'll begin with the Pledge of the Allegiance.

18 (Pledge of Allegiance.)

19 CHAIRMAN DiGIACOMO COLINS: The Board has held
20 an Executive Session on January 23rd in accordance with
21 the Sunshine Act to discuss personnel matters,
22 privileged agency business, and to consult with counsel
23 and other professional advisors to the Board concerning
24 current litigation on matters in which complaints are
25 expected to be filed.

1 Now, we will move on to our business. The
2 minutes, may have a motion for the Board to approve the
3 revised minutes -- but Commissioner Ginty, did you want
4 to --

5 COMMISSIONER GINTY: Yes. I was not on board
6 with the Board at that time, and I would like to be
7 recorded as not voted.

8 COMMISSIONER SOJKA: And that is the same for
9 me as well.

10 CHAIRMAN DiGIACOMO COLINS: Very good.

11 COMMISSIONER ANGELI: Madam Chairman, in view
12 of that, I move that the Board approve the revised
13 minutes of February 28th and September 27th , 2006
14 meetings.

15 COMMISSIONER RIVERS: Second.

16 CHAIRMAN DiGIACOMO COLINS: Any questions or
17 comments?

18 All in favor?

19 COMMISSIONER McCABE: Aye.

20 COMMISSIONER COY: Aye.

21 COMMISSIONER RIVERS: Aye.

22 CHAIRMAN DiGIACOMO COLINS: Aye.

23 CHAIRMAN DiGIACOMO COLINS: Opposed?

24 Motion carries.

25 Now, on to new business and our Executive

1 Director, Anne Neeb.

2 COMMISSIONER COY: We're trying figure out who
3 was here in 2006. We want to make sure we're all legal
4 here.

5 CHAIRMAN DiGIACOMO COLINS: Okay.

6 Anne, go ahead.

7 MS. LaCOUR NEEB: Thank you.

8 CHAIRMAN DiGIACOMO COLINS: No one wants to
9 fess up to it.

10 MS. LaCOUR NEEB: Blame it on Tad.

11 I would just like -- I just have a very short
12 update today. I want to just share with the Board that
13 I had an opportunity to visit at Sands Bethworks' site
14 in Bethlehem, Pennsylvania this week.

15 I just want to give you all the update on their
16 progress. We had the opportunity to meet with their --
17 basically, their key staff, their chief operating
18 officer, and some of their key managers.

19 We also saw the diagrams of what the site is
20 going to look like in its later development. They have
21 come an enormous way in clearing the site. It is just
22 -- I was overwhelmed, to be honest with you. I have
23 never seen things that were so big.

24 It's about 147 acres, and they have already
25 cleared the area where the main building is going to go.

1 They're working on getting the foundation straight right
2 now.

3 They anticipate the opening to be sometime in
4 June, late June or July of 2009. They seem to be pretty
5 much on board. We're working with them to expedite the
6 process.

7 I just want you to know that they are on
8 schedule and seem to be very well organized. Most of
9 the key staff that I'm working with right now, they are
10 a very small staff but that staff has been with the
11 Sands Corporation from Las Vegas. So, they all are very
12 experienced in casino business.

13 They do anticipate hiring, I think it was,
14 1,250 people initially on the casino side. So, I think
15 there will be more employment by the time they have the
16 shopping center as well as the hotel opened. So, it's
17 a very exciting project, and we will keep you posted.

18 I also have here today with me Kevin Hayes, our
19 Director of Operations. He's going to give you the
20 update on Penn National and read all of the internal
21 controls to you.

22 MR. HAYES: Madam Chairwoman, members of the
23 Board, good morning. As you know the state's seventh
24 casino is scheduled to open next month.

25 The Hollywood Casino at Penn National Race

1 Course located nearby in East Hanover Township, Dauphin
2 County will be Central Pennsylvania's first casino.

3 The PGCB's opening team has been performing its
4 pre-opening, on-site inspection at Penn National's
5 facility since Monday, January 14th.

6 From a regulatory and licensing standpoint, we
7 believe that Penn National is on schedule to hit its
8 target date. However, we believe that construction will
9 ultimately dictate when the facility will be able to
10 receive the public.

11 Today, I would like to present for the Board's
12 consideration, two items which require Board approval
13 prior to authorizing the commencement of slot operations
14 at Hollywood Casino.

15 Those items are the system of internal controls
16 and their gaming floor plan, both of which I have with
17 me here today.

18 The internal control systems and audit
19 protocols submitted to the PGCB by Mountainview
20 Thoroughbred Racing Association, an entity that was
21 approved for a Category I slot machine license on
22 December 20th, 2006 meet the minimum requirements set
23 forth in Section 1322 of the Act. This includes minimum
24 design standards for safeguarding assets and revenues,
25 retaining accurate and reliable financial records, and

1 ensuring complete connectivity to the Central Control
2 computer system.

3 Also submitted as part of the internal controls
4 is a narrative description of the surveillance system
5 and an organizational chart, which depicts a true
6 segregation of duties.

7 As a condition to its slot machine license,
8 Mountainview Thoroughbred Racing Association
9 acknowledged that its initial submission of internal
10 controls is reviewed and approved in concept form and
11 expressly agreed to implement any procedural revision in
12 its system as requested by the Board.

13 Having overseen a thorough analysis of the
14 internal controls submitted by Mountainview, I
15 respectfully recommend that the Board adopt the
16 resolution approving the proposed internal control
17 systems and audit protocols submitted by Mountainview
18 Thoroughbred Racing Association subject to the condition
19 that any implementation of an amendment to the internal
20 controls be preceded by notice to the Board in full
21 conformance with Section 465(a)(2) of the Board's
22 regulations and procedures implemented by the Office of
23 Gaming Operations.

24 CHAIRMAN DiGIACOMO COLINS: Thank you.

25 May I have a motion to approve the internal

1 control systems and audit protocol of Mountainview
2 Thoroughbred Racing Association?

3 COMMISSIONER COY: Madam Chair, I move that the
4 Board approve the internal control systems and audit
5 protocols of Mountainview Thoroughbred Racing Association
6 as described by the Office of Gaming Operations.

7 COMMISSIONER RIVERS: Second.

8 CHAIRMAN DiGIACOMO COLINS: Any questions or
9 comments?

10 All in favor?

11 COMMISSIONERS: Aye.

12 CHAIRMAN DiGIACOMO COLINS: Opposed?

13 Motion carries.

14 Thank you.

15 MR. HAYES: Madam Chairman, the next item I
16 would like to present for the Board's consideration is
17 the operator's floor plan, which depicts the gaming
18 floor itself and all restricted areas servicing slot
19 operations at Hollywood Casino at Penn National Race
20 Course.

21 For consideration today is a floor plan
22 submitted by Mountainview Thoroughbred Racing
23 Association, which was prepared by Urban Design Group of
24 Atlanta, Georgia and revised through January 23rd, 2008.

25 It depicts 94,301 square feet of gaming floor

1 configured to accommodate a maximum of 2,020 slot
2 machines.

3 The plan is proprietary to Mountainview
4 Thoroughbred Racing Association as it depicts in detail
5 its surveillance and security plans and as such, has
6 been treated as a confidential submission to the Board.

7 I respectfully request that the Board now
8 consider the resolution approving the floor plan
9 submitted by Mountainview Thoroughbred Racing
10 Association.

11 CHAIRMAN DiGIACOMO COLINS: May I have a
12 motion?

13 COMMISSIONER GINTY: Madam Chairman, I move
14 that the Board approve the gaming floor plan of
15 Mountainview Thoroughbred Racing Association as
16 described by the Office of Gaming Operations.

17 COMMISSIONER McCABE: Second.

18 CHAIRMAN DiGIACOMO COLINS: Questions or
19 comments?

20 I have just a comment. Kevin, we can assume as
21 with the previous internal control motion that we voted
22 on and approved and with the floor plan proposal that
23 you and the Executive Director have reviewed all of
24 these and that you are absolutely satisfied with these?

25 MR. HAYES: Absolutely, Madam Chairman. We

1 received the first submission of internal controls from
2 Mountainview on October 31st, of 2007.

3 Since that time, it has been a back and forth
4 between our staff and theirs to get them to the level of
5 detail that we would require.

6 The same goes for the gaming floor plan. This
7 has been an ongoing process that was initially submitted
8 to us over the summer.

9 So, we are satisfied; but both the licensee and
10 our staff understands that it will be subject to change.

11 CHAIRMAN DiGIACOMO COLINS: All right. Great.
12 Thank you very much.

13 All in favor?

14 COMMISSIONERS: Aye.

15 CHAIRMAN DiGIACOMO COLINS: Opposed?

16 Motion carries.

17 Thank you.

18 Thank you, Anne and Kevin.

19 CHAIRMAN DiGIACOMO COLINS: Eileen McNulty now.

20 MS. McNULTY: Thank you, Madam Chairman. My
21 report to today will cover revenues and expenses
22 recorded by the Gaming Control Board through the first
23 half of the fiscal 2007-08.

24 Spending during the first half of the fiscal
25 year totaled \$12,086,313. Spending recorded in December

1 was 18 percent of the six-month total.

2 First half payroll expense totaled \$9,910,845
3 or 82 percent of total spending for the fiscal year to
4 date.

5 Operating expenses recorded in December totaled
6 \$571,178 bringing the year-to-date total of operating
7 expenses to \$2,175,468.

8 Rentals and leases totalling \$821,946 is the
9 largest category of operating expense to date and
10 represents 37.8 percent of operating expenses.

11 Reoccurring telecommunication costs of \$262,057
12 are the majority of our utility costs, which comprise 14
13 percent of operating expenses so far this fiscal year.

14 The third largest category of operating expense
15 was services. This category accounted for \$299,468,
16 which was 13.8 percent of the total.

17 The majority of expenses in this area is for
18 inter-agency billings including \$99,580 billed to us by
19 IES, the Integrated Enterprise System.

20 Subscription costs for Choice Point Data
21 Services for background investigations were the majority
22 of the other operating expense category, which accounted
23 for 13.2 percent of our year-to-date operating expenses.

24 Travel expenses totaling \$218,722 through the
25 end of December represented 10 percent of operating

1 expenses.

2 This would include travel cost related to the
3 Mount Airy opening, travel incurred in investigations,
4 which will be billed back to licensed applicants and
5 other general agency travel.

6 That completes my report on our expenditures
7 through the current fiscal year.

8 Additionally, the statement of revenue and
9 expenditures for fiscal year 2006-07 has been completed.

10 We began last fiscal year with a balance of \$3
11 million, revenue of \$33.9 million was collected. Of
12 that, \$12.8 million was generated from the Gaming
13 Control Board charges.

14 These charges included investigative fees
15 recovered from both successful and unsuccessful
16 applicants for licenses, license fees, gaming lab
17 reimbursements, as well as other fees.

18 \$10.7 million was collected from slot licensees
19 Section 1401 accounts during the portion of the fiscal
20 year that licensed entities were operating.

21 \$10.4 million came from the initial gaming
22 appropriations loaned to DOR and PSP and transferred to
23 the Gaming Control Board.

24 Combined with the beginning balance, total
25 funds available in 06-07 were \$37 million. Expenditures

1 for 06-07 included \$17.8 million for personnel and \$14
2 million in operating expenses for a total of \$31.8
3 million.

4 Significant operating expenses included \$4.5
5 million in payments to firms providing investigative
6 assistance and database checks, \$1.8 million for
7 suitability analysis for licensed applicants, \$1 million
8 in real estate leases and \$929,000 in furniture expense.

9 Revenues in excess of expenditures totaled \$5.2
10 million last year, which includes funds earned and
11 carried into the current year of \$3.1 million and
12 application deposits and license fees collected in
13 advance.

14 That completes my report. Now, I would like to
15 have Stacey Knavel to present to you the local law
16 enforcement grants that are on our agenda today.

17 CHAIRMAN DiGIACOMO COLINS: Thank you.

18 MS. KNAVEL: The local law enforcement grants
19 recommended for approval today are Bensalem Township
20 Police Department, Bensalem, Bucks County, \$225,213.40;
21 the Dauphin County District Attorney, Harrisburg,
22 Dauphin County \$208,641; and the Pike County District
23 Attorney in Milford, Pike County, \$71,668.85.

24 I would just like to note that the award to the
25 Pike County District Attorney will replace an award for

1 \$22,166 originally awarded on October 2nd, 2007.

2 The grants recommended for approval today total
3 \$505,523.25.

4 CHAIRMAN DiGIACOMO COLINS: Thank you.

5 COMMISSIONER ANGELI: Madam Chairman, I move
6 that the Board approve the local law enforcement grants
7 as described by the Grants Administrator.

8 COMMISSIONER SOJKA: Second.

9 CHAIRMAN DiGIACOMO COLINS: Questions or
10 comments?

11 COMMISSIONER McCABE: I would just like to make
12 a comment and maybe it is more appropriate after we
13 vote, but I would like to recognize Stacey and her staff
14 for the fine job they have been doing.

15 I received a lot of feedback from the Chiefs of
16 Police and the District Attorneys, who have submitted
17 these applications and have been highly complimentary
18 about you and others that have been working with them on
19 trying to get these grant approved. I wanted to let you
20 know that that's the feedback we're getting.

21 MS. KNAVEL: Thank you very much.

22 CHAIRMAN DiGIACOMO COLINS: Great. Thank you.

23 All in favor?

24 COMMISSIONERS: Aye.

25 CHAIRMAN DiGIACOMO COLINS: Opposed?

1 Motion carries.

2 Thank you very much.

3 Frank Donaghue now.

4 COMMISSIONER RIVERS: Do you have Mike?

5 CHAIRMAN DiGIACOMO COLINS: Mike Walsh? No, I
6 don't have him yet; but we'll get to you.

7 MR. DONAGHUE: Good afternoon, Chairman Colins
8 and Board members. First, I'm going to turn it over to
9 our Director of Regulatory Review, Richard Sandusky, who
10 wants to have the Board consider some amendments to
11 regulations.

12 MR. SANDUSKY: Good afternoon. The first item
13 for Board action today is the adoption of a final-form
14 regulation amending Chapters 421a and 423a.

15 The Board adopted a proposed rulemaking with
16 these amendments on September 12th of 2007, and they
17 were published in the October 27, 2007 Pennsylvania
18 Bulletin with a 30-day comment period.

19 In response to that publication, comments were
20 received from International Gaming Technology and from
21 the Independent Regulatory Review Commission.

22 Board staff reviewed the comments and made a
23 number of changes in response to the comments that had
24 been received.

25 In essence, what this regulation will do, the

1 amendments to Chapter 421a add a new section related to
2 advertising. This will give guidance to licensees as to
3 what they can do in terms of advertising and what
4 approvals are required.

5 The amendment to Chapter 423a creates a new
6 avenue for the Bureau of Licensing to process
7 applications.

8 Specifically, it allows them to deem an
9 application abandoned. This frequently happens when you
10 have gaming or non-gaming applicants, who have applied
11 but because of the time frame between which they
12 submitted an application and which they would have
13 started to work, they found another job.

14 They could have submitted a request for
15 withdrawal but most of these people don't. They figure,
16 I got another job, so I'm on my way.

17 Licensing's dilemma was that without the
18 withdrawal the only avenue for disposing of these
19 applications would have been a disapproval of the
20 application, which would have meant that that individual
21 had a five year stay out before they could reapply.

22 To make sure that these individuals do have an
23 opportunity to seek employment in gaming if they so
24 decide, the Bureau of Licensing came up with the new
25 abandoned license provision.

1 Like we said, this should help increase
2 employment opportunities in the gaming industry for
3 potential non-gaming and gaming positions.

4 If the Board has any questions on this
5 proposal, I would be pleased to answer them. If not, we
6 would ask for a motion for adoption of the final-form
7 regulation.

8 COMMISSIONER RIVERS: Madam Chairman, I move
9 that the Board adopt the final-form regulation No.
10 125-72 amending Chapters 421a and 423a and that the
11 final-form regulations be posted on the Board's website.

12 COMMISSIONER COY: Second.

13 CHAIRMAN DiGIACOMO COLINS: Any questions or
14 comments?

15 All in favor?

16 COMMISSIONERS: Aye.

17 CHAIRMAN DiGIACOMO COLINS: Opposed?

18 Motion carries.

19 MR. SANDUSKY: The next item for the Board's
20 consideration is a proposed amendment to Section
21 441a.16, which deals with slot machine license term and
22 renewals.

23 The Board established the initial term of
24 licenses to commence and expire with the actual issuance
25 of the license.

1 This was done so that we could get some stagger
2 on the actual dates as opposed to using the one December
3 20 date for renewal of all of those applications.

4 Now that we're approaching renewals, the Bureau
5 of Licensing has requested that for subsequent renewals,
6 the licensing period would run from the date of Board
7 approval.

8 What this will do is allow both the slot
9 machine licensees and the Bureau of Licensing to
10 coordinate the review of slot machine licensee renewals
11 with the renewals of their principals and their key
12 employees.

13 CHAIRMAN DiGIACOMO COLINS: May I have a
14 motion, please?

15 COMMISSIONER SOJKA: Madam Chairman, I move
16 that the Board adopt proposed regulation No. 125-781
17 amending Section 441a.16, that the Board establish a
18 public comment period of 30 days, and that the proposed
19 regulation be posted on the Board's website.

20 COMMISSIONER ANGELI: Second.

21 CHAIRMAN DiGIACOMO COLINS: Any questions or
22 comments?

23 All in favor?

24 COMMISSIONERS: Aye.

25 CHAIRMAN DiGIACOMO COLINS: Opposed?

1 Motion carries.

2 MR. SANDUSKY: The next item for your
3 consideration is another amendment to Chapter 441a,
4 which would add a new Section 441a.24.

5 This would require an independent audit
6 committee to be created for any slot machine licensee
7 that is not an SEC reporter.

8 Under the provisions related with the SEC and
9 Sarbanes-Oxley, publicly traded corporations have a
10 number of reporting requirements that are designed to
11 make and ensure the financial integrity of their
12 operations.

13 For those that are not SEC reporters, what
14 these criteria would do is require the establishment of
15 an independent audit committee and include many of the
16 same requirements that the SEC reporters would incur.

17 This would, in fact -- it is also very similar
18 to what the criteria were for the independent audit
19 committee that was required of Mount Airy when it
20 received its license.

21 CHAIRMAN DiGIACOMO COLINS: May I have a
22 motion?

23 COMMISSIONER COY: Madam Chair, I move that the
24 Board adopt the proposed regulation No. 125-82 adding
25 Section 441a.24 and that the Board establish a public

1 comment period of 30 days and that the proposed
2 regulation be posted on the Board's website.

3 COMMISSIONER RIVERS: Second.

4 CHAIRMAN DiGIACOMO COLINS: Any questions or
5 comments?

6 All in favor?

7 COMMISSIONERS: Aye.

8 CHAIRMAN DiGIACOMO COLINS: Opposed?

9 This motion carries.

10 MR. SANDUSKY: The final proposed rulemaking
11 for consideration by the Board today is an omnibus
12 package which contains a number of amendments, which I
13 won't bother reading to spare you all the time.

14 Basically, these amendments are all designed to
15 make clarity changes within our regulations and also
16 reflect either changes or new procedures that the Board
17 has adopted as we have gained more experience in the
18 actual operation of the slot machine licensees.

19 Included within these regulations that I would
20 like to note, we have moved a technical standard that
21 was formally a statement of policy into the regulations.

22 You may remember, when we adopted technical
23 standards, we had done those in some cases as interim
24 measures to see what the technology was going to do and
25 with the intention of moving standards out of those

1 statements of policy and into the regulations.

2 This is the first package that we moved one of
3 those into the regulations. This also contains a
4 revised process for the payout of jackpots at
5 facilities.

6 There were a couple of areas in there that were
7 somewhat ambiguous so that we have clarified those for
8 the benefit of the facilities and patrons.

9 We have also greatly expanded the provision for
10 merchandise jackpots where a casino may offer someone a
11 car or motorcycle, etc.

12 If there are any questions on these amendments,
13 I would be happy to try to answer them. If not, we
14 would ask for a motion for adoption of the proposed
15 rulemaking.

16 CHAIRMAN DiGIACOMO COLINS: May I have a
17 motion?

18 COMMISSIONER GINTY: Madam Chairman, I move
19 that the Board adopt proposed regulation No. 125-79
20 amending Chapters 401a, 435a, 439a, 441a, 461a, 461b,
21 463a, and 465a, that the Board establish a public
22 comment period of 30 days, and that the positive posed
23 regulations be posted on the Board's website.

24 COMMISSIONER McCABE: Second.

25 CHAIRMAN DiGIACOMO COLINS: Any comments or

1 questions?

2 All in favor?

3 COMMISSIONERS: Aye.

4 CHAIRMAN DiGIACOMO COLINS: Opposed?

5 The motion carries.

6 MR. SANDUSKY: The final regulatory item for
7 consideration today is the proposed adoption of a
8 statement of policy related to advertising.

9 As was done earlier today with the adoption of
10 the final-form amendments to Chapter 421a, which
11 contained the advertising requirements, this is sort of
12 a companion piece.

13 We received a number of requests on advertising
14 pertaining to what fonts are acceptable, how big they
15 should be, what statements should be used as part of the
16 problem gaming 1-800 number that should be included on
17 advertisings.

18 What this statement of policy does it sets
19 forth some of those minimal requirements so that slot
20 machine licensees and others who are subject to this
21 will have some guidance in terms of how they should
22 prepare their advertising materials and what phraseology
23 is acceptable for the compulsive problem gaming
24 assistance message.

25 CHAIRMAN DiGIACOMO COLINS: May I have a

1 motion?

2 COMMISSIONER RIVERS: Yes. Madam Chairman, I
3 move that the Board adopt the statement of policy No.
4 125-83 adding Sections 421b.1 and that the statement of
5 policy be posted on the Board's website.

6 COMMISSIONER COY: Second.

7 CHAIRMAN DiGIACOMO COLINS: Any questions or
8 comments?

9 I have a question for you regarding this
10 statement of policy.

11 MR. SANDUSKY: Yes.

12 CHAIRMAN DiGIACOMO COLINS: This statement of
13 policy, does it, in fact, enhance or what does this do
14 to the policy we had regarding advertisements previous
15 to this stated policy?

16 What I'm getting at is, does it make
17 notification for problem gamblers, notification of where
18 to get assistance? Does it make it more prominent?
19 Does it provide more noticeable advice or information?

20 MR. SANDUSKY: That is exactly what the purpose
21 of it was. There have been some instances where in
22 printed advertisement, the 1-800 number was very small.
23 Some people, particularly those who need readers like me
24 might have had a little bit of trouble reading it.

25 We want to make sure that whatever the

1 advertising medium, whether it's print, billboard, or
2 whatever that the message is easily readable by the
3 public.

4 CHAIRMAN DiGIACOMO COLINS: So this, in effect,
5 enhances our practices and our policies regarding
6 compulsive and problem gaming?

7 MR. SANDUSKY: Absolutely.

8 CHAIRMAN DiGIACOMO COLINS: Okay. Very good.
9 All those in favor?

10 COMMISSIONERS: Aye.

11 CHAIRMAN DiGIACOMO COLINS: Opposed?

12 Motion carries.

13 MR. SANDUSKY: Thank you.

14 CHAIRMAN DiGIACOMO COLINS: Thank you very
15 much.

16 MR. DONAGHUE: Okay. Turning to withdrawals,
17 the Board has received a total of 23 petitions to
18 withdrawal applications, which include one petition to
19 withdrawal, a prior petition to withdrawal, a principal
20 key employee application, one petition to withdrawal, a
21 prior petition to surrender a key employee license
22 application, and petitions to withdrawal five principal
23 key employee applications, one principal key employee
24 waiver, and 15 gaming and non-gaming applications.

25 A listing of all of the individuals in each

1 category along with the licensing docket numbers have
2 been previously provided to the Board.

3 With regard to each of these requests, they
4 were reviewed by the Office of Enforcement Counsel and
5 the Chief Enforcement Counsel has no objection to the
6 withdrawals as there is no information constituting good
7 cause to deny, condition, or prejudice the withdrawals
8 of these applications. All of the required fees have
9 been paid to date.

10 These petitions would all be granted without
11 prejudice. Chief Counsel's Office concurs in this
12 review and submits the 23 petitions to the Board for
13 consideration of a motion to grant the petitions without
14 prejudice.

15 CHAIRMAN DiGIACOMO COLINS: May I have a
16 motion, please?

17 COMMISSIONER SOJKA: Madam Chairman, I move
18 that the Board approve the withdrawal of employee
19 applications as just described by the Office of Chief
20 Counsel.

21 COMMISSIONER COY: Second.

22 CHAIRMAN DiGIACOMO COLINS: Any questions of
23 comments?

24 All in favor?

25 COMMISSIONERS: Aye.

1 CHAIRMAN DiGIACOMO COLINS: Opposed?

2 Motion carries.

3 Thank you.

4 MR. DONAGHUE: Next, I'm going to turn it over
5 to Deputy Chief Counsel Sherman, who is going to address
6 additional withdrawals.

7 MR. SHERMAN: Good afternoon. The Board has
8 received a petition for approval of the Mountainview
9 Overhead Assessment Agreement. The petition is being
10 presented upon a documentary hearing.

11 The Office of Enforcement Counsel has answered
12 the petition and the Board has been provided with the
13 petition, all evidentiary materials, and the response of
14 the Office of Enforcement Counsel.

15 The corporate overhead assessment agreement
16 provides that Penn National shall provide to
17 Mountainview certain financial services, including SEC
18 related accounting services, internal audit services, as
19 well as certain information technology services.

20 The Office of Enforcement Counsel has no
21 objection to the petition. However, they are requesting
22 that the order issued by the Board would contain several
23 conditions providing for the maintenance of records of
24 all services that Penn National provides, that
25 Mountainview must seek Board approval all renewals and

1 amendments to the agreement, that Mountainview must
2 notify the Bureau of Licensing if any services are to be
3 subcontracted out, and that persons in the internal
4 audit chain of command must be licensed as principals.

5 Based upon the documentary record presented, it
6 would be appropriate for this Board to consider a motion
7 to approve the petition for approval of the corporate
8 overhead assessment agreement as described in the
9 petition presented.

10 COMMISSIONER ANGELI: Madam Chairman, I move
11 that the Board approve the petitions submitted by
12 Mountainview Thoroughbred Racing Association for
13 approval of the corporate overhead assessment agreement
14 as described by the Office of Chief Counsel.

15 COMMISSIONER SOJKA: Second.

16 CHAIRMAN DiGIACOMO COLINS: Questions or
17 comments?

18 All in favor?

19 COMMISSIONERS: Aye.

20 CHAIRMAN DiGIACOMO COLINS: Opposed?

21 Motion carries.

22 MR. SHERMAN: There are two matters relating to
23 suspensions of casino employees before the Board today.

24 With respect to each, the records pertinent to
25 each matter has been provided to the Board in advance of

1 this meeting.

2 Upon notification of the complaints filed to
3 suspend the permits or registration, neither individual
4 responded to the matter set forth in the complaints.

5 The first matter arises from a request from the
6 Office of Enforcement Counsel to suspend the gaming
7 employee permit of Terry Martin, a slot technician at
8 Presque Isle.

9 Martin entered a maintenance room by utilizing
10 a pocketknife to open a door, a locked door, to obtain a
11 piece of equipment for use on the gaming floor.

12 He was not permitted to access the redistricted
13 area, therefore, violating Regulation 465a.12. The
14 incident was reported to the manager, and Martin was
15 terminated from his employment.

16 Based upon the petition of the Office of
17 Enforcement Counselor and the failure of Martin to
18 respond to the petition to suspend, the matter is
19 appropriate for the Board to consider based upon the
20 record submitted.

21 CHAIRMAN DiGIACOMO COLINS: May I have a
22 motion, please?

23 COMMISSIONER COY: Madam Chair, I move that the
24 Board approve the suspension of the gaming employee
25 permit for Terry Martin for a period of one year.

1 COMMISSIONER RIVERS: Second.

2 CHAIRMAN DiGIACOMO COLINS: Questions or
3 comments?

4 All in favor?

5 COMMISSIONERS: Aye.

6 CHAIRMAN DiGIACOMO COLINS: Opposed?
7 Motion carries.

8 MR. SHERMAN: The second matter comes to the
9 Board by way of an emergency order to suspend the
10 non-gaming employee registration of Rashidah Burton.
11 Burton was employed as a food and beverage host at
12 Chester Downs.

13 The Pennsylvania State Police notified our
14 Bureau of Investigation and Enforcement on January 8
15 that Burton had an active warrant for her arrest.

16 Pursuant to that warrant, Burton was arrested
17 and charged with two felony counts of aggravated assault
18 on January 9th.

19 On January 11th, the Office of Enforcement
20 Counselor filed a request for emergency order to suspend
21 that registration.

22 The order was signed by the Executive Director
23 that date and served by personal service on Burton on
24 January 12th.

25 Burton did request a hearing before the

1 Executive Director in this matter. The hearing was
2 scheduled for January 22nd. However, Burton did not
3 appear at the hearing.

4 Regulation 403a.7 provides that a temporary
5 emergency order be presented to the Board for full
6 evidentiary hearing or assignment to the Office of
7 Hearings and Appeals to conduct an evidentiary hearing
8 as to the validity of the suspension.

9 In this case, it is appropriate for the Board
10 to consider a motion to refer the matter to the Office
11 of Hearings and Appeals, to promptly schedule a hearing,
12 and to issue a report and recommendation to the Board
13 regarding that suspension.

14 CHAIRMAN DiGIACOMO COLINS: May I have a
15 motion, please?

16 COMMISSIONER COY: Madam Chair, I move that the
17 Board issue an order that the Office of Hearings and
18 Appeals conduct an evidentiary hearing regarding
19 Rashidah S. Burton, Docket No. 40062, as soon as
20 practical and to issue a report and recommendation to
21 the Board.

22 COMMISSIONER RIVERS: Second.

23 CHAIRMAN DiGIACOMO COLINS: Questions or
24 comments?

25 All in favor?

1 COMMISSIONERS: Aye.

2 CHAIRMAN DiGIACOMO COLINS: Opposed?

3 Motion carries.

4 MR. SHERMAN: And finally, there are two report
5 and recommendations pending before the Board. The
6 report and recommendations along with the records
7 pertinent to each hearing have been provided to the
8 Board in advance of the meeting.

9 The first report and recommendation concerns a
10 non-gaming employee applicant, Josephine Bruno.
11 Miss Bruno applied for a non-gaming employee
12 registration.

13 During the background investigation, it was
14 discovered that she had failed to disclose numerous
15 arrests and convictions.

16 Upon being notified that she was recommended
17 for denial, she requested a hearing. Bruno did attend
18 and participate in the hearing and testified that she
19 understood that she was required to disclose all of her
20 arrests but simply refused to comply with that
21 requirement.

22 The Hearing Officer recommended the denial of
23 the registration based upon the repeated and ongoing
24 refusal to cooperate and the disclosures.

25 Based upon the report and recommendation and

1 the records presented, it would be appropriate for the
2 Board to consider a motion to adopt the recommendation
3 and deny the registration of Josephine Bruno.

4 CHAIRMAN DiGIACOMO COLINS: Can I have a
5 motion?

6 COMMISSIONER GINTY: I have a question. Doug,
7 approximately how many arrests and convictions are
8 involved here?

9 MR. SHERMAN: The record indicated that
10 Miss Bruno had 26 convictions including at least 18
11 arrests for gambling-related offenses.

12 COMMISSIONER GINTY: Madam Chairman, after
13 consideration of the evidentiary record and the Hearing
14 Officer's report and recommendation, I move that the
15 Board approve an order adopting the report and
16 recommendation and deny the non-gaming employee
17 registration for Josephine Bruno, Docket No. 1008225.

18 COMMISSIONER McCABE: Second.

19 CHAIRMAN DiGIACOMO COLINS: Any other questions
20 or comments?

21 COMMISSIONER McCABE: Why didn't she report
22 these?

23 MR. SHERMAN: According to the record from the
24 transcript, Miss Bruno had indicated that she was
25 seeking to, let's say, turn over a new leaf in her life

1 and start anew. It was her contention that she was
2 refusing to recognize her past.

3 COMMISSIONER COY: She was maxed out.

4 CHAIRMAN DiGIACOMO COLINS: All in favor?

5 COMMISSIONERS: Aye.

6 CHAIRMAN DiGIACOMO COLINS: Opposed?

7 Motion carries.

8 MR. SHERMAN: Finally, the Board has a report
9 and recommendation concerning non-gaming employee
10 Michael Perez.

11 Perez applied for a non-gaming employee
12 registration on August 10th. During the course of BIE's
13 investigation, it was determined that Perez had failed
14 to disclose that he had also been arrested on a charge
15 of retail theft and receiving stolen property.

16 Upon being notified that he was being
17 recommended for denial, Perez requested a hearing. The
18 hearing was scheduled November 6th. Mr. Perez failed to
19 appear.

20 The Office of Enforcement Counsel presented its
21 case establishing the particular facts and evidence
22 surrounding the non-disclosure.

23 The Hearing Officer recommended that based on
24 the non-disclosure the application be denied. That
25 recommendation is before this Board and would be

1 appropriate for the Board now to consider a motion to
2 adopt the recommendation.

3 COMMISSIONER McCABE: Madam Chair, after
4 consideration of the evidentiary record and the Hearing
5 Officer's report and recommendation, I move that the
6 Board approve an order adopting the report and
7 recommendation and deny the non-gaming employee
8 registration for Michael Perez, Docket No. 1007177.

9 CHAIRMAN DiGIACOMO COLINS: May I have a
10 second?

11 COMMISSIONER GINTY: Second.

12 CHAIRMAN DiGIACOMO COLINS: Questions or
13 comments?

14 All in favor?

15 COMMISSIONERS: Aye.

16 CHAIRMAN DiGIACOMO COLINS: Opposed?

17 Motion carries.

18 MR. DONAGHUE: Thank you, and that concludes
19 our report.

20 CHAIRMAN DiGIACOMO COLINS: Thank you very
21 much.

22 Susan Hensel, the Director of Licensing.

23 MS. HENSEL: Thank you, Chairman Colins and
24 members of the Board. I have several licensing matters
25 for you this afternoon.

1 The first is consideration of a manufacturer
2 license for Atlantic City Coin and Slot Service Company.

3 Prior to today's meeting, you were provided
4 with a background investigation and executive summary
5 suitability report for this company.

6 The application was put through our standard
7 licensing procedure, including investigation by the
8 Bureau of Investigations and Enforcement.

9 Neither the Chief Enforcement Counsel, Bureau
10 of Investigations and Enforcement, nor the Bureau of
11 Licensing have identified any issues that would preclude
12 licensure of this company. I ask that the Board
13 consider this order granting this license.

14 CHAIRMAN DiGIACOMO COLINS: May I have a
15 motion?

16 COMMISSIONER RIVERS: Yes. Madam Chairman, I
17 move that the Board approve the order for the
18 manufacturer license of Atlantic City Coin and Slot
19 Service Company.

20 COMMISSIONER ANGELI: Second.

21 CHAIRMAN DiGIACOMO COLINS: All in favor?

22 COMMISSIONERS: Aye.

23 CHAIRMAN DiGIACOMO COLINS: Opposed?

24 Motion carries.

25 Thank you.

1 MS. HENSEL: The next matter before the Board
2 is a proposed order approving the issuance of principal
3 and key employee licenses.

4 Prior to this meeting, the Bureau of Licensing
5 provided you with a proposed order for 2 principal and
6 11 key employee licenses. I ask that the Board consider
7 the order granting these licenses.

8 COMMISSIONER SOJKA: Madam Chairman, I move
9 that the Board approve the order to issue the principal
10 and key employee licenses as just described by the
11 Bureau of Licensing.

12 COMMISSIONER COY: Second.

13 CHAIRMAN DiGIACOMO COLINS: Questions or
14 comments?

15 All in favor?

16 COMMISSIONERS: Aye.

17 CHAIRMAN DiGIACOMO COLINS: Opposed?

18 Motion carries.

19 MS. HENSEL: The Bureau of Licensing also
20 provided you with a proposed order approving 24
21 temporary key employee licenses. I ask that the Board
22 consider the order granting those licenses.

23 CHAIRMAN DiGIACOMO COLINS: May I have a
24 motion?

25 COMMISSIONER ANGELI: Madam Chairman, I move

1 that the Board approve the order to issue temporary key
2 employee licenses as described by the Bureau of
3 Licensing.

4 CHAIRMAN DiGIACOMO COLINS: Is there a second?

5 COMMISSIONER GINTY: Second.

6 CHAIRMAN DiGIACOMO COLINS: Questions or
7 comments?

8 All in favor?

9 COMMISSIONERS: Aye.

10 CHAIRMAN DiGIACOMO COLINS: Opposed?

11 Motion carries.

12 MS. HENSEL: Finally, the Bureau of Licensing
13 provided you with an order and list of 187 individuals,
14 who the Bureau has granted occupation permits to and 79
15 individuals who the Bureau has granted registrations to
16 under the authority delegated to the Director of
17 Licensing. I ask that the Board adopt a motion approving
18 that order.

19 CHAIRMAN DiGIACOMO COLINS: May I have a
20 motion?

21 COMMISSIONER COY: Madam Chair, I move that the
22 Board the approve the order to issue the gaming and
23 non-gaming permits and registrations as described by the
24 Director of the Bureau of Licensing.

25 COMMISSIONER SOJKA: Second.

1 CHAIRMAN DiGIACOMO COLINS: Questions or
2 comments?

3 All in favor?

4 COMMISSIONERS: Aye.

5 CHAIRMAN DiGIACOMO COLINS: Opposed?

6 Motion carries.

7 MS. HENSEL: That concludes my presentation.

8 Thank you.

9 CHAIRMAN DiGIACOMO COLINS: Thank you very
10 much, Susan.

11 At this time, I would like to ask Secretary
12 Wolff or give him an opportunity, if he would, to update
13 us. He's going to provide us with an update regarding
14 the Department of Agriculture.

15 SECRETARY WOLFF: Thank you, Madam Chairman.
16 Yes, it's a pleasure to be able to update the Board on
17 some of the changes at the Department of Agriculture as
18 it relates to horse and harness racing.

19 It's certainly a new day for that industry here
20 in the Commonwealth. It's one of the beneficiaries of
21 slot revenues that isn't always noticed and/or
22 recognized.

23 In looking at 2007, over \$120 million from
24 slots revenue came to horse and harness racing to
25 increase purses here in the Commonwealth. That relates

1 to purses at the track that increased by 300 percent and
2 also a breeders fund and sire stakes that encourage
3 farms to locate here so that that industry will grow.

4 We actually can benchmark that by the number of
5 foals that are born in Pennsylvania every year and that
6 has increased significantly. So, it's working well and
7 growing quite well.

8 We think that we need to look at this
9 opportunity and maximize the potential that this revenue
10 that can bring to horse and harness racing in
11 Pennsylvania.

12 From that decision, we have made some changes
13 and we have basically restructured horse and harness
14 racing, where we put in place an Executive Secretary
15 position that will oversee both horse and harness racing
16 in Pennsylvania.

17 We will be expanding the responsibilities of
18 that person from simply managing horse and harness
19 racing as it relates to regulatory work but also looking
20 at marketing that industry here in the Commonwealth as
21 it relates to growing it, how it translates and ties
22 into tourism, and a number of dollars and the ripple
23 effect that this can bring to the Commonwealth.

24 So, we have with us today Cheryl Cook. Cheryl
25 is the Deputy Secretary and she is also Acting Secretary

1 of Racing until we appoint a position, where we will be
2 doing a national search for that position. Cheryl has
3 an org chart.

4 What is important and she will point this out,
5 we have not consolidated the horse and harness racing
6 commissions. They remain independent and separate.

7 It's a consolidation of some of the
8 administrative responsibilities within those two
9 agencies that we think cannot only approve developing a
10 plan for the future of horse and harness racing but also
11 limit and consolidate some cost to keep expenses down.

12 So, Cheryl, I would like to turn it over to
13 you.

14 DEPUTY SECRETARY COOK: Thank you, Secretary
15 Wolff and good afternoon, Chairman Colins and members of
16 the Commission.

17 It's my privilege to be here today to talk
18 about some of the exciting things we have going on out
19 in Cameron Street at the Department of Agriculture.

20 There are 8 and half by 11 sized copy of this
21 chart making their way to you if you don't have them
22 already. Limitations of paper size but picture the
23 Governor and Secretary Wolff and my reporting line of
24 authority, our Executive Deputy Secretary.

25 This is me in my day job as Deputy Secretary of

1 Marketing and Economic Development and within that
2 includes the horse and harness racing work, as well as
3 our Pennsylvania Equine and Toxicology and Research Lab
4 located at West Chester University.

5 I want to start by reiterating Secretary
6 Wolff's point that we are absolutely and positively not
7 changing anything about the Horse Racing Commission and
8 the Harness Racing Commission that have by statute over
9 the regulatory authority.

10 What we are changing is how the department of
11 Agriculture provides steps to support changes. By
12 bringing in a new Executive Secretary, that person will
13 have promotion and marketing responsibilities.

14 That person will also be able to do some of the
15 things I have been trying to do as Deputy Secretary
16 working with DCED, the Department of Community and
17 Economic Development and the tourism office, working at
18 cross lines in the Department of Agriculture with
19 farmland preservation and our granting and promotion
20 programs and just overall better integrating the
21 Agri-tourism that racing offers with what the rest of
22 Department of Agriculture is doing.

23 Below this Executive Secretary level, Secretary
24 Wolff said will begin a nationwide advertising position
25 for that person this week, hoping to leave no stone

1 unturned and finding the right candidate.

2 Directly below the Executive Secretary are
3 three new positions. We're having a Director of Harness
4 Racing, who will have primary responsibility over the
5 now four harness tracks, thanks to Act 71, which
6 represents 100 percent increase in track sites and
7 harness racing.

8 That individual will make sure that Valley View
9 Downs gets off without a hitch. We'll make sure that
10 the improvements on the back end that have been agreed
11 to are happening the way they're supposed to.

12 They're going to have responsibility for the
13 day-to-day things that go on at the racetrack. Our hope
14 is that we don't fix what isn't broken.

15 For the average horseman showing up, the
16 average trainer, or the driver showing up at a harness
17 track, they're not going to see a lot of difference last
18 week versus what they saw this week.

19 Similar mirror image on the thoroughbred side,
20 the Director of Horse Racing, who is Michael Dillon.
21 Michael has been General Counsel to the Thoroughbred
22 Racing Commission and has an understanding of the
23 issues, doesn't have Anton's s 23 years of experience
24 but knows what he is doing.

25 In the middle, we have a brand new position.

1 One of the things we are doing is consolidating
2 particularly our licensing and enforcement function
3 between harness racing and horse racing.

4 The new licensing system in place on the
5 thoroughbred side, we took that code and modeled it for
6 the new licensing system on the harness side. So, we're
7 close to that licensing system.

8 We're not as close on the enforcement side.
9 It's an area where we need to do some streamlining and
10 save costs in Harrisburg so we can maximize resources
11 out to these track locations.

12 As you know, our source of revenue to operate
13 these commissions is racing, which has not been growing.
14 It's been going the other way. At the very moment,
15 we're increasing from four tracks to seven. The
16 revenues with which we have had to do that have been
17 going on in the wrong direction.

18 We need to do some streamlining. It's very
19 difficult to support two different systems, two
20 different vehicle pools.

21 This position is going to be filled on an
22 acting basis with Joe Mushalko. He's served both sides.
23 Both Commission Chairs and Secretary Wolff expressed
24 confidence in his ability in the staff.

25 We breathed a huge sea of relief that it was

1 the guy who had been there the longest that was taking
2 on the operation's side of it. We are now filling some
3 of these lower boxes.

4 The reason I'm a little bit late is we spent
5 the last six hours of Bureau of Management Consulting
6 learning the process how we harmonize our business
7 processes, everything from what do you say when the
8 phone rings to, you know, licensing, to enforcement, to
9 you name it. We have to figure out how to do it in one
10 way recognizing that there are legitimate differences.

11 There may be some things we do differently at
12 the end of the day. Most of it, if we're doing it
13 differently overtime, different processes grew up. That
14 is our system.

15 I'm in the acting capacity until we find a new
16 person. My other Bureaus have been very understanding
17 so far and have been on their own and just sending me
18 e-mails.

19 Were there any questions I can answer for you?

20 COMMISSIONER SOJKA: Cheryl, again, thank you
21 for coming and for providing that very useful
22 background.

23 Could we spend one second more on the sort of
24 person you're looking for in the Executive Secretary?
25 Is this person someone who you think would need -- is

1 one of your requirements going to be that they have a
2 long history in the horse industry or is this really
3 principally a marketer tourist person with
4 administrative skills?

5 DEPUTY SECRETARY COOK: We're looking for that
6 ideal candidate who has both a regulatory background in
7 gaming, not necessarily horse racing, who realizes there
8 are bad guys you have to go after and that there are
9 licensing issues, due diligence but who also has that
10 marketing and promoting of where racing can go.

11 We have spent the last two years waiting for
12 slot revenues to come. They're here. Now what? What
13 is the next challenge? What is the next hill? We have
14 to work that out and be able to move forward. So, we're
15 hoping for somebody with some vision and skills in both
16 the regulatory and promotion side.

17 CHAIRMAN DiGIACOMO COLINS: Thank you.

18 COMMISSIONER GINTY: I have a question, Madam
19 Chairman.

20 Some of us who live in the far eastern part of
21 the state and spend our time in the city, really don't
22 have a real appreciation for the significance of the
23 horse industry in the state. Could you just sort of
24 give us an idea of the significance of it?

25 DEPUTY SECRETARY COOK: Penn State University

1 actually did an economic impact study a few years ago
2 and concluded that there were \$2 billion worth of horse
3 flesh on the ground in Pennsylvania, not just racing but
4 all equine.

5 Recognizing that in agriculture equine takes on
6 many forms, you have got significant Amish population
7 who have work animals. You have got significant riding
8 and pleasure tourism recreation trail riding industries
9 in Pennsylvania.

10 If you go to the VisitPA website, you'll find
11 28 different trail ride organizations where you can go
12 and enjoy and weekend in the back country in the PA
13 wilds area in northern Pennsylvania. There's a lot of
14 tourism.

15 COMMISSIONER GINTY: We actually do a little
16 bit of that in Philadelphia, too.

17 DEPUTY SECRETARY COOK: Yeah, you do. As far
18 as -- as agriculture is concerned and Pennsylvania has
19 the largest farmland preservation program in the
20 country. We send quite a number of dollars and hours
21 buying up development rights for farmers to try to keep
22 that open space in agriculture.

23 Really, the best farmland preservation strategy
24 is profitability on our farms. If you look in
25 livestock, where is their profitability, now with the

1 breeders revenues coming out of gaming. That's one of
2 our most profitable agricultural sectors. We are seeing
3 these breeders coming to Pennsylvania because there's a
4 good way to do this . It's a big industry beyond the
5 economic impact.

6 COMMISSIONER GINTY: Thank you very much.

7 Thank you, Mr. Secretary.

8 CHAIRMAN DiGIACOMO COLINS: Thank you. We
9 thank you -- Commissioner Coy, please.

10 COMMISSIONER COY: Thank you very much. Two
11 questions. For those members of the General Assembly
12 who may have voted for the Gaming Act on the premise
13 that it would help agriculture and help horse racing
14 development and breeders, I think I know the answer to
15 this but I would like to hear it from you. It's
16 obviously working?

17 DEPUTY SECRETARY COOK: You bet. You bet.

18 I'll defer to Secretary Wolff. He had the right numbers
19 in terms of impact so far.

20 SECRETARY WOLFF: Yeah. It's billions of
21 dollars to the state's economy, and the numbers that we
22 use to benchmark and actually see this industry grow
23 from the standpoint of not only horse and harness folks
24 bringing horses in here to raise but actually buying
25 farms and investing in the Commonwealth and keeping

1 those dollars here, is through the breeding farms.

2 By being able to look at the number of foals
3 registered both in the standard bred industry and the
4 thoroughbred industry, they have increased significantly
5 by 35, 40 percent in the last couple of years. We're
6 just really getting warmed up because this is the first
7 year we had slots revenue. It wasn't full speed.

8 We had Presque Ise, that was only open for
9 racing for a few weeks and one track that isn't even
10 on-line yet. It's an exciting time, and it has
11 certainly accomplished what we hoped it would in terms
12 of stimulating the equine industry and the ripple effect
13 it has on other parts of agriculture, whether it's the
14 farmers that are growing corn or straw or alfalfa hay
15 also means a lot to the agriculture industry and the
16 agriculture economy. So, it's working very well.

17 COMMISSIONER COY: You have clearly would not
18 have had funds available through general appropriation
19 of the Department of Agriculture to do a lot of these
20 things?

21 SECRETARY WOLFF: No question about it. As
22 Cheryl mentioned, the industry has been waiting for this
23 for a long time. Now that it has arrived and these
24 revenues are here, we just want to make sure that we
25 maximize this opportunity by doing some restructuring to

1 see that this isn't a Band Aid on an industry that has
2 struggled. It is a new day to build this industry and
3 go forward and see it expand and be an important part of
4 agriculture.

5 COMMISSIONER COY: Thank you. Now, one that I
6 truly don't know the answer to. You said in the process
7 of your presentation that there are a couple of things
8 that are absolutely different between horse racing and
9 harness racing.

10 I understand thoroughbred and standard bred. I
11 guess I would ask, what are a couple of those things
12 that make -- in other words, why did Pennsylvania for so
13 long have two separate operations that I think were one
14 of the very few states that do?

15 DEPUTY SECRETARY COOK: Well, historically, the
16 Thoroughbred Racing Commission was a free standing
17 commission early in its life. The Harness Racing
18 Commission by contrast was always part of the Department
19 of Agriculture.

20 So, part of the answer is just the legislation
21 changed and we're able to bring thoroughbred racing into
22 the Department.

23 Basically, speaking there are some differences.

24 COMMISSIONER COY: Like?

25 DEPUTY SECRETARY COOK: Like in the harness

1 racing side, more often than not you're going to have
2 the same person who owns the horse be the trainer and
3 driver.

4 In thoroughbred, they're going to be different
5 people. There's not drivers in thoroughbred -- jockeys
6 as opposed to drivers. There are differences in how the
7 operators and how certain drugs may interact depending
8 on how it is racing.

9 There are more similarities than differences
10 though to answer your question, and it is high time that
11 we got to one system on how we do most of what we do.
12 It's simply historic precedent that has us at two
13 different points now.

14 COMMISSIONER COY: Because we always did it
15 that way?

16 DEPUTY SECRETARY COOK: Right.

17 CHAIRMAN DiGIACOMO COLINS: Very good. Thank
18 you very much for coming today.

19 DEPUTY SECRETARY COOK: Thank you.

20 CHAIRMAN DiGIACOMO COLINS: We offer you our
21 congratulations, our best luck on merging and
22 reorganizing. You have a major operational challenge
23 ahead. I'm sure it will work out just perfectly. Thank
24 you.

25 DEPUTY SECRETARY COOK: I appreciate that. I

1 know part of the objective here is to give you the
2 single point of contact that you have given us. Melinda
3 Tucker, we valued her cooperation and her involvement in
4 racing.

5 CHAIRMAN DiGIACOMO COLINS: I think a good
6 cooperative effort has been experienced as a result of
7 Act 71. So, thank you very much.

8 All right. Our final presentation, our grand
9 presentation of the day is our Director of
10 Administration, Mike Walsh.

11 Mr. Walsh?

12 MR. WALSH: Thank you, Madam Chair, members of
13 the Board. The Bureau of Administration is pleased to
14 present two individuals as candidates for positions with
15 the agency.

16 In the Office of Chief Counsel, Denise
17 Miller-Tshudy as an Assistant Chief Counsel III and in
18 the Office of Hearings and Appeals, Laura Burd as a law
19 clerk.

20 As is required by policy, both candidates have
21 completed a background investigation conducted by the
22 Office of Professional Responsibility and a drug
23 screening, the results of which have been approved. We
24 would respectfully request a motion to hire these
25 individuals.

1 CHAIRMAN DiGIACOMO COLINS: May I have a
2 motion, please?

3 COMMISSIONER RIVERS: Yes. Madam Chairman, for
4 the 43rd time, I move that the Board approve the hiring
5 of the agency staff and on the basis that all of the
6 employees have completed the necessary background
7 investigation and drug testing.

8 CHAIRMAN DiGIACOMO COLINS: May I have a
9 second?

10 COMMISSIONER COY: Second. I don't know
11 whether it's the 43rd or not.

12 CHAIRMAN DiGIACOMO COLINS: Any questions?
13 All in favor?

14 COMMISSIONERS: Aye.

15 CHAIRMAN DiGIACOMO COLINS: Opposed?
16 Motion carries.

17 Does that conclude your business?

18 MR. WALSH: Yes. Thank you.

19 CHAIRMAN DiGIACOMO COLINS: Well, before you
20 leave though, I want to formally extend to you the
21 Board's gratitude for all of your hard work and your
22 dedication since the inception of the Board.

23 Mike is leaving and becoming the Deputy
24 Secretary for Administration at the Pennsylvania
25 Department of Education.

1 And while we wish him good luck and the best,
2 we are very sad at losing him; and I just want to put
3 Mike's value to the Board in the proper perspective.

4 When we were all appointed and came on Board,
5 which would have been in early December, it was the
6 Board and Mike Walsh, basically.

7 I can remember meeting Mike. First time I met
8 him, he came into my chambers in City Hall with a couple
9 of forms. That was my introduction to what would be the
10 Gaming Board.

11 And from that time on, Mike was always the
12 person that we all looked to to take care of us. From
13 the very beginning, when there were just seven of us, he
14 took care of us. And up through our growth, he guided
15 us and basically took care of business.

16 So, we have an enormous debt to Mike Walsh; and
17 we wish him the best. I think we all should give him a
18 round of applause.

19 MR. WALSH: Thank you.

20 (Applause.)

21 MR. WALSH: Thank you very much.

22 COMMISSIONER McCABE: Mike, I would like to
23 thank you, too, you and Susan were there at the
24 beginning for all of us. I'm glad you finally figured
25 out -- and I apologize for embarrassing you at that

1 first meeting. What was the question about SAP?

2 MR. WALSH: Yes. What does SAP stand for?

3 COMMISSIONER McCABE: You didn't know the
4 answer. The first Board meeting, I give you a lay up,
5 and you don't know the answer.

6 MR. WALSH: I tried to erase that from my
7 memory.

8 COMMISSIONER McCABE: I know. What is SAP?

9 MR. WALSH: It stands for Systems,
10 Applications, and Programs. I think we all learned the
11 hard way what it really stands for. Thank you for
12 finally asking, once again.

13 CHAIRMAN DiGIACOMO COLINS: Very good. Thank
14 you.

15 MR. WALSH: Thank you. I just wanted to just
16 take a quick moment, Madam Chair, and thank you and
17 thank the other members of the Board, if I could, for
18 the opportunity to serve this agency for the last three
19 years.

20 I would also add thanks to the former members
21 of the Board, who aren't here, for giving me this
22 opportunity.

23 Your leadership on so many important issues for
24 the Bureau of Administration has meant so much to me and
25 my staff. I want to thank you.

1 I would be remiss if I didn't thank Anne Neeb
2 and the other members of the management team and the
3 colleagues that I have worked with over the last three
4 years, very talented group. I want to extend my thanks
5 to them.

6 And finally, I want to extend my thanks to the
7 staff at the Bureau of Administration, as I set out to
8 depart. They are a great group of both private sector
9 individuals and folks who came from positions within
10 state government.

11 They came together and they make up really the
12 engine that helps the rest of the agency do its job in a
13 very visible -- highly visible regulatory environment.
14 So, I wish them the best and thank them for working
15 together over the last three years.

16 Thank you, again, for this opportunity.

17 CHAIRMAN DiGIACOMO COLINS: Very good.

18 May I have a motion to adjourn?

19 COMMISSIONER RIVERS: So moved.

20 COMMISSIONER COY: Second.

21 (The meeting concluded at 2:08 p.m.)

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

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Hillary M. Hazlett, Reporter
Notary Public

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