

COMMONWEALTH OF PENNSYLVANIA

GAMING CONTROL BOARD

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PUBLIC MEETING

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BEFORE: MARY DIGIACOMO COLINS, Chair
Raymond S. Angeli, Jeffrey W. Coy, James B.
Ginty, Kenneth T. McCabe, Sanford Rivers
and Gary A. Sojka, Commissioners
Secretary Thomas W. Wolf, Ex-officio Member
Keith Welks, Ex-officio Designee

HEARING: Thursday, May 29, 2008
1:22 p.m.

LOCATION: North Office Building, Hearing Room 1
North and Commonwealth Avenue
Harrisburg, PA 17106

WITNESSES: Anne LaCour Neeb, Melinda Tucker, Richard
Abbott, Eileen McNulty, Stacey Knavel,
Kevin Hayes, Frank Donaghue, Susan Hensel

Reporter: Kenneth D. O'Hearn

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CHAIRMAN COLINS:

Now we will convene the public meeting. A quorum of the Board is present. The meeting is now called to order. I believe Secretary Wolf is here and Keith Welks is here. Thank you for being here. All right. Let's begin with the Pledge of Allegiance, please.

PLEDGE OF ALLEGIANCE RECITED

CHAIRMAN COLINS:

The Board held an Executive Session on May 28th in accordance with the Sunshine Act to discuss personnel issues, privileged agency business and to consult with Counsel and other professional advisors to the Board concerning current litigation or matters in which complaints are expected to be filed.

Now we will move on to the issue of transcripts and minutes. May I have a motion, please?

MR. SOJKA:

Yes, Madam Chairman. I move that the Board approve the minutes and transcript of the April 24, 2008 meeting.

MR. RIVERS:

Second.

1 CHAIRMAN COLINS:

2 All in favor?

3 AYES RESPOND

4 CHAIRMAN COLINS:

5 Opposed?

6 NO RESPONSE

7 CHAIRMAN COLINS:

8 Motion carries. Thank you very much.

9 Next order of business will be a report from our
10 Executive Director, Anne Neeb. Anne?

11 MS. NEEB:

12 Good afternoon, Chairman Colins and
13 members of the Board. I don't have any administrative
14 work to present today to the Board, but I would like
15 to make an announcement. And that is that due to
16 personal and family reasons I will be stepping down as
17 the Executive Director for the Gaming Control Board.
18 As you're aware, we've had some discussions over the
19 past few weeks, and I need to direct my attention to
20 some family matters that need to be taken care of.

21 With that being said, I'd like to take
22 this opportunity to thank the incredible staff and
23 Board for the effort in getting a Gaming Control Board
24 established in the State of Pennsylvania, which
25 brought the state into a national arena in the

1 industry of gaming. I'm proud to say that we have
2 opened seven casinos. We've generated over \$1 billion
3 for the Commonwealth in a period of less than three
4 years. There are very few industries, I think, that
5 come to the state that can get up and running and
6 organized that quickly. And I do believe that it has
7 been a direct result of the incredible staff that we
8 have.

9 When I came here, there were
10 approximately three people on board. We now have
11 about 250 and counting in four different regions on a
12 statewide basis to deal with the issues on a statewide
13 basis because our casinos are spread all over.

14 I'm very happy and very proud of the
15 accomplishments of this agency, and this has been a
16 real privilege and honor for me to work with this
17 Board in getting set up and running. So I thank you,
18 and I will be in touch.

19 CHAIRMAN COLINS:

20 Well, Anne, thank you. On behalf of the
21 Board, I want to extend to you and offer you our
22 appreciation for your leadership and for the
23 sacrifices that you made in bringing about a list of
24 accomplishments. Really your experience that you
25 brought from Louisiana and your lifetime of experience

1 as an attorney, as a former Assistant District
2 Attorney, your knowledge, all has served us
3 immeasurably, and we are very grateful to you.

4 Let me just highlight some of the things
5 that have occurred under Anne's leadership. And Anne
6 has discussed her family --- the compelling family
7 necessities that have brought on this offer of
8 resignation with us, and we have discussed it among
9 ourselves and are very sad for this to happen.

10 Under Anne's leadership, as you all know,
11 we awarded 11 licenses. We've opened six casinos.
12 We've generated revenue for the Commonwealth in excess
13 of \$1.4 billion, created 7,000 living wage jobs, \$173
14 million in revenue dedicated to Pennsylvania's horse
15 racing industry and really started the first agency in
16 about 35 years and brought in the first new industry,
17 the Gaming industry, into this Commonwealth in at
18 least that long a time. And those are just a number
19 of the highlights of what has occurred while Anne's
20 been our Executive Director for the last three years.

21 So we thank you and we --- you know, we
22 wish you good luck and we wish you well. Thank you
23 very much.

24 MS. NEEB:

25 Thank you.

1 CHAIRMAN COLINS:

2 Yes. I'd like to turn the microphone
3 over to my colleagues.

4 MR. MCCABE:

5 Madam Chair, if I may, I'd like to thank
6 you personally for your honesty, professionalism and
7 integrity and your experience. I have relied on that.
8 I personally know how difficult it is to be separated
9 from your family for a long period of time. With my
10 almost 30 years with the government, I think one time
11 I figured I was gone a total of six years, two years
12 by myself in Puerto Rico and in the Marine Corps, a
13 year here, seven months there. So I know how hard it
14 is on the family, especially having children.

15 And I appreciate the sacrifice that you
16 have made for the people of Pennsylvania. You brought
17 your expertise up here that we needed desperately.
18 None of us at the time, had any experience in the
19 gaming world. I know I and the other Board members
20 relied on you for guidance, and I want you to know how
21 much I and the Board appreciate your service. Thank
22 you and God's speed and good luck.

23 MS. NEEB:

24 Thank you.

25 MR. ANGELI:

1 I'd just like to echo those comments.
2 And you know, you've been there all along and you came
3 at a time --- it's always very difficult to balance
4 your professional and personal life, but you've been
5 there for this Board and for this Agency in developing
6 this tremendous industry in the Commonwealth of
7 Pennsylvania. And we're surely going to miss that.
8 But it was also done at a time where you had people
9 coming in, people coming out, training a whole bunch
10 and a lot of young people who are going to be with us
11 for quite awhile who have gained that experience. And
12 we really appreciate that, and we are going to miss
13 you. It's been my pleasure to be associated with you.

14 MR. COY:

15 Madam Chair. Anne, we wish you the best.
16 Congratulations for all the hard work. I think it was
17 --- I was impressed with the fact that you
18 acknowledged the help of all the staff, because indeed
19 it is a team, and for you to recognize them at this
20 point in your career is very important. The nascent
21 stages of the development of the Board would not have
22 happened so successfully without you, and we all
23 appreciate it and wish you and your family well in the
24 future.

25 MS. NEEB:

1 Thank you, Commissioner. Appreciate
2 that.

3 MR. RIVERS:

4 Madam Chair, I'd like to add my comments,
5 too. Anne, when we first interviewed, I had to go
6 home and look up the definition of ya'll. Every other
7 word was ya'll this and ya'll that. But let me say
8 ya'll will be sorely missed in the future and it's
9 been our pleasure. Thank you.

10 MS. NEEB:

11 Thank you, Commissioner.

12 MR. SOJKA:

13 Anne, like some of my other colleagues, I
14 quite literally cannot imagine a PGCB without Anne
15 Neeb, because you were here to welcome me on Board,
16 and I would simply echo what so many others have said.
17 I don't believe anyone could have come to this Board
18 more naïve than I was, and I think you've been a very
19 kind and a very patient and a very pleasant mentor,
20 and I appreciate every bit of it. Thank you.

21 MS. NEEB:

22 Thank you, Commissioner. I appreciate
23 that.

24 MR. GINTY:

25 I guess as the junior member here, I came

1 on in the fall of last year. And I had --- other than
2 what I'd read in the papers, I had no idea what this
3 Board did. And I'm amazed at what you accomplished in
4 such a short period of time, and it's a story that's
5 not well known in this Commonwealth, what you achieved
6 in creating, as I understand it, the first new agency
7 in the Commonwealth in 35 years. So you're to be
8 congratulated and wish you the very best of luck.

9 MS. NEEB:

10 I appreciate that. Thank you. And I do
11 mean it sincerely with the staff, Commissioner Coy,
12 the directors in place, and as we progress the staff
13 that's there, it's incredible to me to see a
14 development that quickly in coming up to speed on such
15 a complex industry. And I think the Commonwealth is
16 safe in its regulation of gaming, and that there's 100
17 percent integrity in the application of those
18 regulations, and I'm very proud of that and very proud
19 of our staff. So thank you all very much.

20 CHAIRMAN COLINS:

21 Thank you.

22 MR. COY:

23 Madam Chair, I think the only thing left
24 is for Commissioner McCabe to explain how tough two
25 years in Puerto Rico was by himself.

1 CHAIRMAN COLINS:

2 We don't have a spare two hours. All
3 right. Now, I'd like to ask Melinda Tucker, please,
4 to come forward. Melinda is the Director of Racetrack
5 Gaming.

6 MS. TUCKER:

7 Good afternoon, ya'll. Good afternoon,
8 Chairman Colins and members of the Board. With me
9 today is the Chairman of the Pennsylvania Horseracing
10 Commission, Mr. Richard Abbott, who will be giving the
11 Board an update on the efforts that are being made in
12 Pennsylvania to address the health and safety needs of
13 the thoroughbred athlete in the Commonwealth.

14 But before I turn the microphone over to
15 him, I'd like to say a few words about the efforts
16 that he has personally made in this regard. As many
17 of you know, Chairman Abbott and his wife have
18 operated Charlton Bloodstock in Cochranville, PA for
19 over 30 years, and their family has had a long and
20 distinguished career in the equine industry. He has
21 been a member of the Pennsylvania Horseracing
22 Commission since 1996 and its Chairman since the death
23 of Fitz --- F. Eugene Dickson, Fitz Dickson as we knew
24 him, in 2006, I guess, August of 2006.

25 Towards the end of 2007, he announced on

1 behalf of the Commission its intention to prohibit the
2 use of anabolic steroids in thoroughbred racing and
3 that testing horses for these prohibitive substances
4 was to begin on April the 1st of 2008. For those of
5 us familiar with horseracing, this was big news and
6 there were those on both sides of the issue. However,
7 Rick stood with his convictions and out on a limb by
8 himself often, and ultimately an agreement was reached
9 with the Thoroughbred Horsemen's Groups in
10 Pennsylvania that has resulted in Pennsylvania being a
11 leader in the country in banning anabolic steroid use
12 in thoroughbred racing.

13 Because of the PGCB's interest in all
14 aspects of the horseracing industry that are intended
15 to benefit from the Gaming Act as well as the passage
16 of the Board's resolution on May the 15th, Chairman
17 Abbott wanted to address the Board today to update the
18 members on the health and welfare efforts being made
19 here in Pennsylvania. So it is with great pleasure
20 that I introduce him to you.

21 MR. ABBOTT:

22 Good afternoon, Chairman Colins and
23 distinguished members of the Board. It's a pleasure
24 to appear here before you today to discuss your recent
25 resolution in support of horseracing and the

1 horseracing industry, and the Horse and Harness Racing
2 Commissions' efforts to ensure the health and safety
3 of horses, drivers and jockeys who participate in
4 horseracing in the Commonwealth as well as throughout
5 the world.

6 As you are well aware, in recent years
7 Pennsylvania has attained a very high profile in the
8 world of thoroughbred racing. In 2004, Pennsylvania
9 born and raised Smarty Jones captured the country's
10 interest in his quest for the Triple Crown. The
11 following year, Afleet Alex, who is owned by a group
12 of high school buddies from Philadelphia, captured two
13 of the three legs of the Triple Crown again. And then
14 in 2006, the nation's eyes were glued on Pennsylvania
15 for an agonizing nine months as Barbaro, owned by
16 Chester County residents Roy and Gretchen Jackson,
17 struggled for survival at the world's finest equine
18 hospital at the University of Pennsylvania's New
19 Bolton Center. Then again in 2007, Hard Spun, another
20 Chester County product, placed in two of the three
21 Triple Crown races as well as in the \$4 million
22 Breeder's Cup.

23 What you may not know is that three of
24 the world's leading thoroughbred sires in the last 30
25 years were also Pennsylvania breds. Storm Cat, who

1 was foaled in Chester County, sired the owners of over
2 \$120 million and 100 graded stakes winners. Danzig,
3 also born in Chester County, sired over 200 stakes
4 winners and the earnings of over \$110 million.
5 Lyphard, who was born at the other end of the state in
6 Sewickley, was a champion sire in France and then a
7 champion sire in the United States. But
8 Pennsylvania's connections to great horses go all the
9 way back to the mid-1800s when Iroquois, born in
10 Montgomery County, became the first American-bred
11 winner of the Epsom Derby, Britain's premier race.

12 Since racing began in Pennsylvania in
13 1970, the Racing Commissions have had a close
14 relationship with the breeding and veterinary
15 communities, particularly the University of
16 Pennsylvania's New Bolton Center. The Commissions
17 have had a long working relationship with New Bolton,
18 specifically Dr. Larry Soma and Dr. Eric Birks, who
19 devote most of their time and energy toward research
20 into equine physiology and the study of the effects of
21 various medications on racing horses.

22 Dr. Soma and Dr. Birks, at the
23 Commission's expense, keep a stable of horses at New
24 Bolton which are trained on a high speed treadmill
25 which simulates the speeds at which horses race and

1 allows them to study the physiology of horses under
2 actual racing conditions. They also, with the
3 cooperation of the state's horsemen, conduct extensive
4 studies in the field at the racetracks and breeding
5 farms throughout the state.

6 Through these research projects, many
7 discoveries have been made which have aided in the
8 health and safety of our horses in training. These
9 include studies of the effect of training on young
10 immature horses as well as the effect of various
11 horseshoes on the musculoskeletal system of horses in
12 training. The Commissions also fund the Pennsylvania
13 Equine Toxicology and Research Lab, which is housed at
14 West Chester University. This lab, which is
15 administered for the Department of Agriculture by Dr.
16 Cornelius Uboh, is among the most sophisticated
17 testing and research labs in the world.

18 Among its many firsts was the development
19 of the first test for the blood doping agent EPO and
20 several related compounds. They also developed the
21 first reliable test for anabolic steroids in plasma.
22 The development of this test for anabolic steroids is
23 illustrative of how the Commissions work with New
24 Bolton and the lab for the benefit of the industry.

25 For many years, there were rumors of

1 widespread use of anabolic steroids in racing, but no
2 absolutely reliable test existed for finding the drug
3 in plasma. Dr. Uboh, with the help of Dr. Soma and
4 Birks and the research horses at New Bolton developed
5 a test at the Commission's direction. Once the test
6 was perfected, the Commission directed that blind
7 samples from 900 racehorses racing in the state be
8 tested for the presence of anabolic steroids. Those
9 tests revealed that 61 percent of the horses tested
10 were positive for at least one anabolic steroid.

11 The Commissions then began the process of
12 regulating the use of anabolic steroids in
13 Pennsylvania. This was a somewhat controversial
14 position that was opposed by some horsemen's groups.
15 However, with the support of the Governor and the
16 Secretary of Agriculture, Pennsylvania became one of
17 the first states to test for and prohibit the use of
18 anabolic steroids on April 1st of this year. I'm
19 happy to report that we've had only two positive tests
20 triggering sanctions since the testing began.

21 The Commission also sponsors, and I
22 chair, the Equine Health and Safety Committee. This
23 group is made up of representatives of racetrack
24 operators, horsemen's groups, the state's
25 veterinarians and the practicing veterinarians. We

1 meet on a bimonthly basis to discuss matters of
2 concern with respect to the health and safety of our
3 horses. Often the subject is the condition of the
4 racing surface at the racetracks. Racing surface is
5 one of the most controversial subjects in thoroughbred
6 racing.

7 As a result of the discussions at our
8 most recent meeting, Penn National is in the process
9 of purchasing a new piece of equipment for
10 conditioning their racetrack, and Philadelphia Park
11 has hired a world-renowned expert on track safety to
12 evaluate their racing surface and to make
13 recommendations for improvement. These types of
14 actions have direct impact on breakdowns and
15 fatalities.

16 Another offshoot of the Health and Safety
17 Committee has been the creation of two new programs at
18 Philadelphia Park and Penn National Race Course. The
19 Philadelphia project is called Turning for Home, and
20 the Pennsylvania National project is called Retirement
21 Assistance and Care for Equines, or the acronym RACE.
22 These are equine rescue and retirement programs
23 sponsored by the Thoroughbred Horsemen's Organizations
24 at their respective tracks. Any injured or unwanted
25 thoroughbred racing in Pennsylvania is now eligible to

1 be placed into a system for adoption and retraining
2 that will lead to a happy outcome for the retired
3 horses. Both programs are being funded by the
4 horsemen's organizations and the racetracks.

5 I've come this far in my testimony
6 without mentioning Eight Belles or the accident which
7 lead to her death on the racetrack in Kentucky. The
8 reason I have not mentioned her to this point is that
9 I wanted you to understand all of the things being
10 done in Pennsylvania for the welfare of the horse and
11 that all of these things far predate the injury to
12 Eight Belles. These have not been knee jerk reactions
13 to her death, but things that have been ongoing for as
14 long as there has been racing in Pennsylvania.

15 One thing I would like you to understand
16 is that the vast majority of the people in the horse
17 industry really care about the welfare of their
18 horses. Most of them have been around horses all
19 their lives and are devoted to them. And even those
20 who don't have a strong emotional attachment to their
21 horses have a huge financial investment in them that
22 they want to protect. No one, whether he views his
23 horse as a friend or an asset, sends it out to race
24 knowing it is on the verge of a catastrophic injury.

25 Pennsylvania has always had in place a

1 system of state veterinarians who are at the racetrack
2 every morning when the horses are training and during
3 the races. Every horse that ships in to race receives
4 a thorough physical by the state vet before he's
5 allowed to race. These veterinarians closely observe
6 every horse entering the paddock and on the track and
7 have the authority to scratch any horse that they
8 don't feel is 100 percent right to race. The jockeys
9 also have the ability to go to the state vet during
10 the warm-up and ask that a horse be scratched if the
11 jockey doesn't feel right. No jockey is ever asked to
12 ride a horse that he suspects is injured, nor is he
13 ever asked to ride over a racetrack that he feels is
14 unsafe.

15 However, even with all these safeguards
16 in place, horses get injured. Horses have been bred
17 for speed and stamina for centuries. As with all
18 selective breeding, breeders accentuate the positives
19 and try to breed out the negatives. And they have
20 been breed for huge lung capacity and strong
21 hindquarters without enough concern for the
22 underpinnings that hold up the engine. This has
23 resulted in a fragility that may lead to the type of
24 injuries that Eight Belle suffered.

25 The positive news, however, is that much

1 work is being --- is now being done on new synthetic
2 racing surfaces such as the one that is in operation
3 at Presque Isle Downs in Erie. These surfaces appear
4 to be much safer than the conventional dirt track.
5 But there's another aspect of synthetic surface that I
6 think is also encouraging. For some reason, they seem
7 to favor horses that are bred more for stamina and
8 less for speed, and I foresee that, as synthetic
9 surfaces proliferate, a change in breeding patterns
10 away from fragile speed-oriented horses to the more
11 substantial stamina-oriented blood lines and physical
12 types. Thus, the market could go a long way towards
13 solving the soundness issues raised by the breeders.

14 As you may know, all of the Commission's
15 activities are funded by the parimutuel tax imposed by
16 the Commonwealth on wagers placed in Pennsylvania.
17 Because of the proliferation of telephone account
18 wagering companies in the United States and abroad,
19 the betting handle has dropped in Pennsylvania, and
20 therefore, the Commission's budget has taken a hit.
21 While handles should increase as the quality of racing
22 increases, it is still very difficult for the
23 Commission to fund all the activities that it would
24 like. With each new racetrack that is opened, 30 new
25 Commission employees are added to the payroll as well

1 as office equipment, test barn equipment and
2 additional testing procedures. As we struggle to
3 maintain the level of service expected of us, more
4 altruistic projects may get put on the backburner.
5 This is an unfortunate and unintended consequence of
6 Act 71.

7 So that you understand the scope of the
8 health and welfare work that we do, I want to quote a
9 few figures. The Pennsylvania Equine Toxicology and
10 Research Lab has a total budget of \$3.2 million for
11 fiscal 2007/2008. New Bolton Center receives \$1.027
12 million of that amount for the operation of the test
13 barn, the subject horses and the research projects.
14 The lab conducts tests on 50,000 blood and urine
15 samples annually. This is up from 36,000 samples
16 prior to Act 71. And lab space has had to be expanded
17 in order to accommodate the additional personnel. It
18 now pays \$359,000 annually to West Chester University
19 in rent.

20 Act 71 has had a tremendous positive
21 impact on the breeding industry in the Commonwealth.
22 On the thoroughbred side of the ledger, the full crop
23 that had stagnated at about 800 annually for many
24 years grew to 1,260 in 2006 and is anticipated to be
25 1,450 in 2008. By 2010, we feel that the crop will

1 have doubled. The figure represents four percent of
2 the entire North American full crop. These figures
3 are mirrored on the standardbred side, and this growth
4 has lead to huge increases in the consumption of
5 Pennsylvania farm products such as hay, straw and
6 grain.

7 Veterinarian services have grown, as have
8 the businesses of fence builders and barn builders.
9 Farmland preservation has received a tremendous boost.
10 In Chester County alone, more than 24,000 acres have
11 been preserved through state and county agricultural
12 preservation efforts. Many of these farms are devoted
13 to the raising of horses.

14 I want the members of the Board to
15 understand how important your support is to the racing
16 industry and to the racing commissions. As we go
17 forward to the maturation of gaming in Pennsylvania,
18 horseracing wants and needs to work hand in hand with
19 the Board to fully integrate all aspects of the
20 industry. We have common concerns in providing
21 services to our patrons and in regulating our
22 stakeholders and we look forward to a continuation of
23 our great working relationship.

24 I thank you again for your recent
25 resolution and the importance that it places on

1 horseracing. Thank you for allowing me to speak
2 today, and I would be happy to answer any questions
3 that the Board may have.

4 CHAIRMAN COLINS:

5 Thank you. Commissioner Sojka?

6 MR. SOJKA:

7 Thank you, Mr. Abbott. Let me thank you
8 for that testimony, the very many interesting points
9 that you raised, and even more importantly to thank
10 you for your strong personal stance, which I think has
11 improved health and safety of our equine athletes in
12 Pennsylvania and has quite literally put Pennsylvania
13 toward the forefront in this important area in
14 horseracing.

15 You mentioned our resolution, and I want
16 to just make a couple of statements again for the
17 record. And that is, one, we do understand our
18 statutory limits and we do not wish to overstep those.
19 But two, we do have, for all the reasons listed in
20 that resolution, a strong interest in the health and
21 vitality of the industry. And even though many of the
22 things that have been done in Pennsylvania predate
23 these difficult moments involving Barbaro, Eight
24 Belles and others with their catastrophic breakdowns,
25 those events have created a moment in the eye of the

1 public when I think it behooves us to act and act
2 decisively.

3 And what I hope you can count on from us
4 is through our Director of Racetrack Gaming, Melinda
5 Tucker, we will try very hard to continue to work with
6 you and your organization, encouraging you folks to
7 make the decisions and to look for the solutions which
8 we will then very actively try to support.

9 MR. ABBOTT:

10 Thank you very much.

11 MS. TUCKER:

12 Chairman Colins, I just wanted to point
13 out that the two retirement programs that had been
14 established and were announced at the most recent
15 Horseracing Commission meeting, that is, Turning for
16 Home, which is the Philadelphia Park project, and the
17 Retirement Assistance and Care for Equine, that's the
18 RACE project at Penn National, that both organizations
19 indicated to me that they would not have been able to
20 establish these programs had it not been for the
21 increase in revenues that they've received from Act
22 71. So I thought that was an important fact for the
23 Board to note, and I'm real excited that they were
24 able to do this. Thank you.

25 CHAIRMAN COLINS:

1 Thank you both very much.

2 MR. ABBOTT:

3 Thank you very much.

4 CHAIRMAN COLINS:

5 Next Eileen McNulty, please.

6 MS. MCNULTY:

7 Thank you, Chairman Colins and Board
8 members. I have a financial report for you today, and
9 we also have some local law enforcement grants to
10 consider.

11 Today's financial report covers expenses
12 for fiscal year 2007 recorded through the end of April
13 2008. Spending to date this fiscal year totaled
14 \$20,766,776. April spending was \$2,070,563, or ten
15 percent of the year to date total. Payroll expense
16 through April totaled \$16,505,715 or 79.5 percent of
17 total spending for the fiscal year. April's payroll
18 was \$1,658,966.

19 Operating expenses recorded in April
20 totaled \$411,597 bringing the year to date total of
21 operating expenses to \$4,261,061. Operating expenses
22 were 19.9 percent of April spending and 20.5 percent
23 of year to date spending. Rentals and leases totaling
24 \$1,373,328 is the largest category of operating
25 expense to date and represents 32.2 percent of

1 operating expenses for the period. April lease rental
2 expense was \$136,080.

3 The second largest category of operating
4 expense accounting for 18.9 percent is the other
5 category. Subscription costs to ChoicePoint Data
6 Services for background investigations represents
7 two-thirds of this category. This category added
8 \$40,564 to the month's operating expense and \$803,950
9 year to date.

10 Services is the third largest category
11 and contributed \$85,231 to the month's operating
12 expenses and \$705,644 year to date. Interagency
13 billings account for \$302,868 or 43 percent of the
14 expenses in this category. The largest interagency
15 expense is for fingerprinting. PSP fingerprinting
16 billings covering the first half of the fiscal year
17 total \$116,181. Billings covering SAP use totaled
18 \$99,580. Comptroller charges are \$64,623. Payroll
19 charges from the Bureau of Commonwealth Payroll
20 Operations covering the first half of the year reached
21 \$9,668 and other interagency charges amounted to
22 \$12,816.

23 Other service expenses that are not
24 interagency include PWC charges of \$160,213, EDP
25 consulting expenses of \$114,917 and legal services

1 totaling \$76,219. Telecommunication costs of \$558,534
2 comprised 13.1 percent of operating expenses so far
3 this fiscal year, and travel expenses totaling
4 \$395,411 represent another 9.3 percent of operating
5 expenses.

6 That concludes the financial report. If
7 you're ready, we'll move on to the Local Law
8 Enforcement Grants. Stacey Knavel will present those.

9 MS. KNAVEL:

10 I have three Local Law Enforcement Grant
11 applications for your consideration today. Those
12 applications total \$387,442.38. The Allegheny County
13 Sheriff's Office in Allegheny County, \$68,050.08, the
14 Scott Township Police Department in Allegheny County,
15 \$69,392.30 and the Delaware County District Attorney
16 in Delaware County, \$250,000.

17 CHAIRMAN COLINS:

18 May I have a motion as to the law
19 enforcement grants?

20 MR. MCCABE:

21 Madam Chair, I move that the Board
22 approve the Local Law Enforcement Grants as described
23 by the Grant Administrator.

24 MR. COY:

25 Second.

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CHAIRMAN COLINS:

Questions or comments? All in favor?

AYES RESPOND

CHAIRMAN COLINS:

Opposed?

NO RESPONSE

CHAIRMAN COLINS:

Motion carries. Thank you very much.

MS. MCNULTY:

Thank you.

CHAIRMAN COLINS:

Next is Kevin Hayes, Director of Gaming Operations. Before Kevin gives us his farewell and final report, for those of you who are not aware, Kevin has offered his resignation, which we --- we're losing yet someone else who we value very highly. And we reluctantly, of course, accept the resignation because your best interests are always the priority. But I do want to thank you for the wonderful work you've done since stepping into the position of Director of Operations. Really you were a quick study and have become quite an expert. You've been diligent. Your intelligence has been a very important guide for all of us, and your ability to get the job done has been invaluable and we wish you the best.

1 We're all very grateful for your efforts.

2 MR. HAYES:

3 Thank you, Chairman Colins. And before I
4 start, I'd like to reciprocate and thank you all
5 publicly, the Board members, both past and present,
6 along with my two bosses during my tenure at the
7 Board, Executive Director Anne Neeb and Chief Counsel
8 Frank Donaghue, for all the opportunities you've given
9 me during my time at the PGCB. It has been a
10 privilege to work with such a dedicated and
11 hardworking group of individuals who I really consider
12 true public servants, both on the Board and the staff
13 of the Agency.

14 I will forever be proud to say that I've
15 worked with this Agency and was part of bringing this
16 new industry to my home state. I would especially
17 like to thank two groups, the employees of the Office
18 of Gaming Operations and the members of the Casinos
19 Opening Team, that ragtag group who works tirelessly
20 through both weekends and holidays to facilitate the
21 opening of casinos, seven, in fact, in a 16-month
22 period. I wish you and the staff continued success,
23 which I know you will enjoy, in executing the
24 important responsibilities and duties you have in
25 regulating this growing industry in the state.

1 Before I move on to the agenda items, I
2 would just like to give you a brief update as far as
3 gaming floor expansions are concerned. Since our last
4 public meeting, both Philadelphia Park and Harrah's
5 Chester has increased the number of slot machines
6 operating on their gaming floor, and they were ---
7 they were implemented pursuant to the Board's Order
8 dated April 10th for Philadelphia Park and April 24th
9 for Harrah's Chester. In addition, the Meadows should
10 receive authorization today to operate an additional
11 nine slot machines on its gaming floor pursuant to the
12 Board's Order executed at the May 15th public meeting.

13 Now, for the official agenda items. The
14 first item that I would like to present for the
15 Board's consideration concerns the gaming floor plan
16 of Downs Racing permanent facility. As a prerequisite
17 to the Board's authorization to commence slot
18 operations at the permanent licensed facility to be
19 known at Mohegan Sun at Pocono Downs, I would like to
20 present for the Board's consideration the operator's
21 floor plan which depicts the gaming floor itself and
22 all restricted areas servicing the slot operations.

23 For consideration today is a floor plan
24 submitted by Downs Racing, LP and prepared by J CJ
25 Architects, Incorporated of Hartford, Connecticut and

1 revised through April 14th, 2008. It depicts 68,694
 2 square feet of gaming floor configured to accommodate
 3 a maximum slot configuration of 2,281 slot machines.
 4 In addition, the floor plan of Mohegan Sun depicts the
 5 security zones, slot seating, a clearly delineated
 6 juvenile egress path and amenities servicing the
 7 facility including the count room, cashier cage, a
 8 central vault, automatic teller machines and ticket
 9 redemption units. The plan is proprietary to Downs
 10 Racing, LP, as it depicts in detail its surveillance
 11 and security plans and will be treated as a
 12 confidential submission to the Board.

13 I now respectfully request that the Board
 14 consider the resolution approving the gaming floor
 15 submitted by Downs Racing, LP.

16 CHAIRMAN COLINS:

17 May I have a motion, please?

18 MR. RIVERS:

19 Yes. Madam Chairman, I move that the
 20 Board approve the gaming floor plan submitted by
 21 Category 1 slot machine licensee Downs Racing, LP, as
 22 presented by the Office of Gaming Operations.

23 MR. MCCABE:

24 Second.

25 CHAIRMAN COLINS:

1 Questions or comments? All in favor?

2 AYES RESPOND

3 CHAIRMAN COLINS:

4 Opposed?

5 NO RESPONSE

6 CHAIRMAN COLINS:

7 This motion carries. Thank you. Next?

8 MR. HAYES:

9 Madam Chairman, the next item which I'm
10 here to present for Board consideration concerns the
11 opening --- also concerns the opening of the permanent
12 facility owned and operated by Category 1 slot machine
13 licensee Downs Racing, LP. The facility will be known
14 as Mohegan Sun at Pocono Downs. For all previous
15 openings, the Board has delegated authority to
16 individual Board members to oversee the opening
17 process and a test period and to authorize the
18 commencement of slot operations at the licensed
19 facility.

20 For the approaching opening of the
21 Mohegan Sun at Pocono Downs facility, Board members
22 Ray Angeli, Jeff Coy, Jim Ginty and Gary Sojka have
23 agreed to take on this responsibility on behalf of the
24 Board. With that, I respectfully request that the
25 Board entertain a motion which delegates authority to

1 Board members Angeli, Coy, Ginty and Sojka to approve
2 all preopening conditions to the Category 1 slot
3 machine license of Downs Racing, LP and to authorize
4 the effective date and time which slot operations may
5 commence at the permanent facility.

6 CHAIRMAN COLINS:

7 May I have a motion?

8 MR. MCCABE:

9 Madam Chair, I move that the Board
10 delegate authority to Board members Ray Angeli, Jeff
11 Coy, James Ginty and Gary Sojka to approve either
12 collectively or in their individual capacities all
13 preopening conditions to the Category 1 slot machine
14 license of Downs Racing, LP and to determine the
15 effective date and time when slot operations may
16 commence at the permanent licensed facility to be
17 known as Mohegan Sun at Pocono Downs located in Plains
18 Township, Luzerne County pursuant to the Board's Order
19 dated December 20th, 2006.

20 MR. ANGELI:

21 Second.

22 CHAIRMAN COLINS:

23 All in favor?

24 AYES RESPOND

25 CHAIRMAN COLINS:

1 Opposed?

2 NO RESPONSE

3 CHAIRMAN COLINS:

4 Motion carries. Thank you, Kevin. Thank
5 you very much.

6 MR. SOJKA:

7 Good luck.

8 MR. GINTY:

9 Good luck.

10 MR. HAYES:

11 Thank you.

12 CHAIRMAN COLINS:

13 Now, Chief Counsel, Frank Donaghue.

14 ATTORNEY DONAGHUE:

15 Okay. Good afternoon, Chairman Colins
16 and Board members. First, we're going to turn to
17 withdrawals. The Board has received two petitions to
18 withdraw applications which include one Key Employee
19 and one Principal Employee application. Documents
20 relevant to both of these have been provided to the
21 Board. These petitions would be granted without
22 prejudice. The Office of Enforcement Counsel (OEC) is
23 present to represent its position with respect to
24 these particular petitions. The Chief Counsel's
25 Office submits the two Petitions for the Board for

1 consideration of a motion to grant the Petitions
2 without prejudice. The Key Employee is Luis Rabo and
3 the Principal Employee is Robert Rozeck.

4 ATTORNEY PITRE:

5 The Office of Enforcement Counsel (OEC)
6 has received the withdrawal petition and the follow-up
7 responses indicating no objection to the withdrawals.

8 CHAIRMAN COLINS:

9 Very good. Thank you. May I have a
10 motion?

11 MR. GINTY:

12 Madam Chairman, I move that the Board
13 approve the Orders to withdraw the employee
14 applications by the Office of Chief Counsel.

15 COY:

16 Second.

17 CHAIRMAN COLINS:

18 Questions or comments? All in favor?

19 AYES RESPOND

20 CHAIRMAN COLINS:

21 Opposed?

22 NO RESPONSE

23 CHAIRMAN COLINS:

24 Motion carries.

25 ATTORNEY DONAGHUE:

1 The Petitions are being considered upon a
2 documentary hearing. The Board has been provided with
3 the Petitions and responses along with any supporting
4 evidentiary materials. In addition, in each case the
5 Petitioners have been notified that the Board is
6 considering the matter today, and Representatives of
7 each Petition are present should the Board have any
8 further questions.

9 The first petition before the Board is
10 that of Mountainview Thoroughbred Racing Association,
11 also known as Penn National Hollywood Casino. That
12 entity seeks approval of additional slot machines to
13 the gaming floor. As presented, the modification
14 would add 295 machines and increase the number of
15 ticket redemption units from 12 to 14. Penn National
16 has indicated the additional machines will not affect
17 the square footage of the existing gaming floor and no
18 new surveillance cameras are required.

19 In its response, Office of Enforcement
20 Counsel (OEC) did not object, but has, consistent with
21 other such prior requests of slot machine licensees,
22 requested that the Penn National Hollywood Casino be
23 required to meet eight conditions set forth in the
24 Office of Enforcement Counsel (OEC) Answer, including
25 that while the additional machines may be permitted to

1 be placed in operation in stages, the minimum number
2 at any one time may not be below 25.

3 Based upon the documentary record
4 presented, it is appropriate for the Board to consider
5 a motion to approve the Petition for approval of
6 additional machines on the gaming floor of Penn
7 National pursuant to the conditions of Office of
8 Enforcement Counsel (OEC).

9 CHAIRMAN COLINS:

10 Penn National being also known as
11 Mountainview Thoroughbred Racing; correct?

12 ATTORNEY DONAGHUE:

13 Correct.

14 CHAIRMAN COLINS:

15 May I have a motion?

16 MR. COY:

17 Madam Chair, I move the Board approve the
18 Petition by Mountainview Thoroughbred Racing
19 Association as described by the Office of the Chief
20 Counsel.

21 MR. ANGELI:

22 Second.

23 MR. GINTY:

24 Can I ask one quick routine question, and
25 that is you mentioned that no new surveillance cameras

1 would be needed, but there are no machines on the
2 floor in those positions at the moment. I assume
3 there will be a check or test
4 before ---?

5 ATTORNEY DONAGHUE:

6 That is included within the eight
7 conditions. Prior to going live with those machines,
8 the Gaming Enforcement people, Gaming Operations,
9 would have to check and make sure that, in fact,
10 security is covered on each of those new machines.

11 CHAIRMAN COLINS:

12 Very good. All in favor?

13 AYES RESPOND

14 CHAIRMAN COLINS:

15 Opposed?

16 NO RESPONSE

17 CHAIRMAN COLINS:

18 Motion carries.

19 ATTORNEY DONAGHUE:

20 The second Petition is that of Greenwood
21 Gaming and Entertainment for reconsideration of the
22 Board's October 2nd, 2007 Order, which denied
23 intervention at the eligibility phase of the Category
24 3 licensing hearing for Valley Forge Convention Center
25 Partners. The denial was without prejudice to the

1 right to renew that at a subsequent time.

2 Greenwood had filed its Petition to
3 Intervene in Valley Forge's licensing hearing on
4 August 31st at a time when only eligibility was going
5 to be considered. The Board's Order of October 2nd,
6 2007 denied that intervention without prejudice to
7 Greenwood's ability to renew the Petition should the
8 Valley Forge application proceed to a suitability
9 stage.

10 In March of 2008, the Board announced
11 that it intended to hold future suitability hearings
12 and thereafter determine both eligibility and
13 suitability of the Applicants at the same time. This
14 announcement has spurred the current motion to
15 reconsider or to renew the Petition to Intervene since
16 the matter is now proceeding to consideration of
17 suitability in conjunction with the eligibility
18 determination.

19 Based upon the documentary record
20 presented, it would be appropriate for the Board to
21 consider the Motion to Approve Greenwood Gaming's
22 request to intervene in the Valley Forge Category 3
23 licensing application.

24 CHAIRMAN COLINS:

25 Very good. Thank you.

1 MR. ANGELI:

2 Madam Chairman, I move that the Board
3 approve the Greenwood Gaming Petition as described by
4 the Office of Chief Counsel.

5 MR. SOJKA:

6 Second.

7 CHAIRMAN COLINS:

8 Questions or comments? All in favor?

9 AYES RESPOND

10 CHAIRMAN COLINS:

11 Opposed?

12 NO RESPONSE

13 CHAIRMAN COLINS:

14 Motion carries.

15 ATTORNEY DONAGHUE:

16 Moving on to report and recommendations,
17 the Board has received five report and recommendations
18 following a hearing relative to applications for one
19 gaming permit and four non-gaming registrations. The
20 report and recommendations, along with the records
21 pertinent to each hearing have been provided to the
22 Board in advance of this meeting. In addition, in
23 each case the Applicants have been notified that the
24 Board is considering the report and recommendation
25 today and that they have the right to be present to

1 address the Board. If any of the individuals are
2 present today, they should come forward when their
3 name is announced.

4 The first matter involves Barton Bickle-
5 Goodman. In October 2007, Mr. Goodman was issued a
6 non-gaming employee registration as a custodian at
7 Harrah's. The registration was suspended by the
8 Executive Director's Emergency Order on March 18th
9 following his arrest on numerous charges, including
10 two felony charges.

11 The Board remanded the matter to Hearings
12 and Appeals to conduct a hearing and to submit a
13 report on the validity of the Order of Suspension.
14 OHA conducted that hearing April 17th. Mr. Barton
15 Bickle-Goodman did not attend the hearing. On April
16 21st, the report and recommendation now before the
17 Board was issued to continue that suspension, and that
18 matter is not ripe for this Board's action.

19 CHAIRMAN COLINS:

20 Mr. Pitre?

21 ATTORNEY PITRE:

22 Madam Chair, we just ask that the
23 Suspension request be granted, and it will continue
24 pending further resolution of Mr. Goodman's criminal
25 charges.

1 CHAIRMAN COLINS:

2 Very good. May I have a motion?

3 MR. SOJKA:

4 Yes, Madam Chairman. I move that the
5 Board approve the Order to continue the Emergency
6 Suspension, as just described by the Office of Chief
7 Counsel (OCC).

8 MR. RIVERS:

9 Second.

10 CHAIRMAN COLINS:

11 Questions or comments? All in favor?

12 AYES RESPOND

13 CHAIRMAN COLINS:

14 Opposed?

15 NO RESPONSE

16 CHAIRMAN COLINS:

17 Motion carries.

18 ATTORNEY DONAGHUE:

19 The next matter is that of Victor Harris.
20 Mr. Harris was issued a gaming permit January 31st of
21 this year to work as a Security Officer at Harrah's.
22 On March 6th, a criminal complaint was filed against
23 him in the City of Chester charging him with
24 aggravated assault, a felony offense. Mr. Harris'
25 permit was suspended by the Executive Director on

1 March 18th and the matter was remanded to the Office
2 of Hearings and Appeals by this Board to conduct a
3 hearing and issue a report.

4 That hearing was conducted April 17th,
5 and Mr. Harris did not appear at the hearing to
6 contest the assertions against him. On April 28th,
7 2008 a report and recommendation was issued now before
8 the Board recommending that based upon the felony
9 charges that the suspension of Mr. Harris'
10 registration remain in effect pending resolution of
11 those charges.

12 ATTORNEY PITRE:

13 And once again, the Office of Enforcement
14 Counsel (OEC) will recommend that that suspension be
15 continued until those charges are resolved.

16 CHAIRMAN COLINS:

17 Very good. Thank you. May I have a
18 motion?

19 MR. RIVERS:

20 Yes. Madam Chairman, I move that the
21 Board approve the Order to continue the Emergency
22 Suspension, as described by the Office of Chief
23 Counsel (OCC).

24 MR. MCCABE:

25 Second.

1 CHAIRMAN COLINS:

2 Any questions? All in favor?

3 AYES RESPOND

4 CHAIRMAN COLINS:

5 Opposed?

6 NO RESPONSE

7 CHAIRMAN COLINS:

8 Motion carries.

9 ATTORNEY DONAGHUE:

10 The next matter is of Sidney Taylor.

11 This report and recommendation notes that Mr. Taylor
12 had failed to disclose numerous arrests in this
13 application for a non-gaming registration. Bureau of
14 Investigation and Enforcement (BIE) issued a Notice to
15 recommend denial of the registration, informed Mr.
16 Taylor of his right to request a hearing.

17 He did request a hearing through the
18 Office of Hearings and Appeals, although he filed the
19 request 28 days late. A hearing was scheduled to
20 determine whether he could establish good cause for
21 the late filing. Mr. Taylor did not attend the
22 hearing, and it was held in his absence.

23 On February 17th, the Hearing Office
24 issued a report and recommendation that the
25 application be denied. Based on the report and

1 recommendation, the records presented and continued
2 failure of Mr. Taylor to comply with the hearing
3 procedures, it would now be appropriate for the Board
4 to consider that matter.

5 MR. MCCABE:

6 Madam Chair, I move that the Board
7 approve the Order to deny the non-gaming employee
8 registration as described by the Office of Chief
9 Counsel (OCC).

10 CHAIRMAN COLINS:

11 May I have a second?

12 MR. GINTY:

13 Second.

14 CHAIRMAN COLINS:

15 Is there any opposition from Office of
16 Enforcement Counsel (OEC)?

17 MR. MILLER:

18 Good afternoon, Madam Chairman. Dustin
19 Miller on behalf of Office of Enforcement Counsel
20 (OEC). No, we do not oppose the recommendation of the
21 Hearing Officer in this matter.

22 CHAIRMAN COLINS:

23 Thank you. All in favor?

24 AYES RESPOND

25 CHAIRMAN COLINS:

1 Opposed?

2 NO RESPONSE

3 CHAIRMAN COLINS:

4 Motion carries. Next?

5 ATTORNEY DONAGHUE:

6 The next matter is of Patricia Brown.

7 Patricia Brown applied for a non-gaming registration
8 as a dishwasher at Penn National Hollywood Casino on
9 January 25th. During Bureau of Investigation and
10 Enforcement's (BIE) background investigation, it was
11 discovered that Ms. Brown had failed to disclose
12 several arrests, one of which was a felony charge.
13 Four of the arrests were more than 25 years old dating
14 back to approximately the 1978 to 1980 time period.

15 Bureau of Investigation and Enforcement
16 (BIE) had notified Ms. Brown that she was being
17 recommended for denial. She requested a hearing which
18 was held on April 16th. Ms. Brown appeared pro se and
19 testified before the Hearing Officer acknowledging the
20 arrests. Based upon the Hearing Officer's report and
21 recommendation, Ms. Brown's truthfulness and
22 cooperation during the hearing as noted in that report
23 and recommendation, the age of the arrests and
24 convictions and the fact that she currently holds a
25 valid employee license issued by the Pennsylvania

1 State Horseracing Commission and the nature of the
2 position applied for, it's appropriate for this Board
3 to consider a motion to accept that recommendation and
4 grant the registration.

5 MR. MILLER:

6 Madam Chair, although the Office of
7 Enforcement Counsel (OEC) initially opposed the
8 application of Ms. Brown, after hearing the facts at
9 hearing, we no longer oppose her application.

10 CHAIRMAN COLINS:

11 Very good. Thank you. May I have a
12 motion?

13 MR. GINTY:

14 I move the Board approve the Order to
15 grant the non-gaming employee registration as
16 described by the Office of Chief Counsel (OCC).

17 MR. COY:

18 Second.

19 CHAIRMAN COLINS:

20 All in favor?

21 AYES RESPOND

22 CHAIRMAN COLINS:

23 Opposed?

24 NO RESPONSE

25 CHAIRMAN COLINS:

1 Motion carries.

2 ATTORNEY DONAGHUE:

3 And the final report and recommendation
4 is that of Mackenly Philippe. Mr. Philippe had
5 submitted his non-gaming application as a food counter
6 attendant at Penn National Hollywood Casino on
7 February 14th. He had failed to disclose two arrests,
8 one of which dated to 1997 and one more recent which
9 was not pursued by prosecution and was actually
10 dropped by the District Attorney's Office.

11 Bureau of Investigation and Enforcement
12 (BIE) had recommended the denial of his non-gaming
13 registration. He did request a hearing. Mr. Philippe
14 appeared pro se for the hearing on March 27th. He
15 acknowledged the arrest discovered by Bureau of
16 Investigation and Enforcement (BIE) and provided an
17 explanation on the record for the incidents. On April
18 11th, a report and recommendation was issued, which is
19 now before the Board, recommending that based upon Mr.
20 Philippe's cooperation and truthfulness during the
21 hearing, he has proven that he is suitable for a
22 registration as a non-gaming employee. Based upon
23 that report and recommendation and the record
24 presented, the matter is ripe for this Board's
25 consideration.

1 MR. MILLER:

2 Once again, although the Office of
3 Enforcement Counsel (OEC) initially opposed the
4 application of Mr. Philippe, after hearing the facts
5 and his explanations at the hearing, we do not oppose
6 the Hearing Officer's recommendation.

7 CHAIRMAN COLINS:

8 Thank you. May I have a motion?

9 MR. COY:

10 Madam Chair, I move the Board approve the
11 Order to grant the non-gaming employee registration
12 described by the Office of Chief Counsel (OCC).

13 MR. ANGELI:

14 Second.

15 CHAIRMAN COLINS:

16 All in favor?

17 AYES RESPOND

18 CHAIRMAN COLINS:

19 Opposed?

20 NO RESPONSE

21 CHAIRMAN COLINS:

22 Motion carries. Thank you very much.

23 ATTORNEY DONAGHUE:

24 And that concludes our report.

25 CHAIRMAN COLINS:

1 Very good. We're going to take a
2 ten-minute recess for purposes of convening a brief
3 Executive Session concerning the Penn National matter
4 before we proceed to the Bureau of License and Susan
5 Hensel. So we'll take a ten-minute recess.

6 WHEREUPON, THE BOARD MET IN EXECUTIVE SESSION

7 CHAIRMAN COLINS:

8 I'd like to reconvene, please. Susan
9 Hensel, if you would come up. If I could ask everyone
10 to take a seat, please. We're going to reconvene.
11 You can begin now. Thank you.

12 MS. HENSEL:

13 Thank you, Chairman Colins and members of
14 the Board. I have several licensing matters to bring
15 before you this afternoon.

16 First is the change of control of
17 Mountainview Thoroughbred Racing Association. As you
18 know, PNG Acquisition Company is acquiring Penn
19 National Gaming, Inc., and as a result of the
20 transaction, the control of Mountainview Thoroughbred
21 Racing Association, a slot machine licensee, is
22 changing.

23 Pursuant to Section 1328 of the Gaming
24 Act, the Board must approve any change of ownership or
25 control prior to the completion of the transaction.

1 At a previous meeting, the Board heard
2 testimony from representatives of PNG Acquisition
3 Company and its affiliated entities. The Board has
4 also received a background investigation and
5 suitability report from the Bureau of Licensing
6 regarding the acquirers and the transaction. Prior to
7 this meeting, the Bureau of Licensing provided the
8 Board with an Order approving the independent
9 qualification of PNG Acquisition Company, principal
10 licenses for the individuals and entities associated
11 with PNG Acquisition Company and the change of control
12 of Mountainview.

13 This Order also contains a provision that
14 any Board approval is contingent on the payment of the
15 --- of the payment of the Board-set change of Control
16 Fee. The Board has adopted the change of Control Fee
17 of \$2.5 million unless special circumstances would
18 dictate otherwise. The Bureau of Licensing has
19 reviewed the transaction as well as Counsel's
20 arguments as to why a lower fee should be considered.
21 While each transaction is unique, the Bureau of
22 Licensing has not found any special circumstances that
23 would require the Board to deviate from the fee it has
24 adopted. I ask that the Board consider the proposed
25 Order approving the change of control and imposing a

1 \$2.5 million Change-of-Control Fee.

2 CHAIRMAN COLINS:

3 Thank you. May I have a motion, please?

4 MR. ANGELI:

5 Madam Chairman, I move that the Board
6 approve the Order as described by the Bureau of
7 Licensing.

8 MR. SOJKA:

9 Second.

10 CHAIRMAN COLINS:

11 Any questions or comments? All in favor?

12 AYES RESPOND

13 CHAIRMAN COLINS:

14 Opposed?

15 NO RESPONSE

16 CHAIRMAN COLINS:

17 Motion carries. Thank you.

18 MS. HENSEL:

19 I will now turn to other licensing
20 matters. First, I wanted to advise the Board that the
21 Bureau of Licensing is preparing to issue Philadelphia
22 Entertainment and Development Partners, LP, also known
23 as Foxwoods, its Category 2 license. Under the Gaming
24 Act, an approved licensee is required to request
25 issuance of its license by providing formal

1 notification to the Board that it has fulfilled the
2 conditions for license issuance.

3 As is our procedure, once we receive such
4 a request, the Bureau of Licensing verifies that the
5 approved licensee has fulfilled all required
6 conditions and is in substantial compliance with its
7 statement of conditions. Foxwoods has provided the
8 Bureau of Licensing with the formal notification
9 required by the Act. We in consultation with the
10 various Bureaus and Offices within the Board have
11 conducted our verification and we have determined that
12 Foxwoods is eligible to receive its permanent license,
13 which should be issued later today.

14 CHAIRMAN COLINS:

15 Great. Thank you very much.

16 MS. HENSEL:

17 The next items on the agenda are
18 temporary licenses for key employees. Prior to this
19 meeting, the Bureau of Licensing provided you with a
20 proposed Order for 110 Temporary Key Employee
21 licenses. I ask that the Board consider the Order
22 granting these licenses.

23 MR. SOJKA:

24 Yes. Madam Chair, I move that the Board
25 approve the Order to issue the Temporary Key Employee

1 licenses as just described by the Bureau of Licensing.

2 MR. RIVERS:

3 Second.

4 CHAIRMAN COLINS:

5 Is there any comment from the Office of
6 Enforcement Counsel (OEC)?

7 ATTORNEY PITRE:

8 Office of Enforcement Counsel (OEC) does
9 not object to the motion.

10 CHAIRMAN COLINS:

11 Very good. All in favor?

12 AYES RESPOND

13 CHAIRMAN COLINS:

14 Opposed?

15 NO RESPONSE

16 CHAIRMAN COLINS:

17 Motion carries.

18 MS. HENSEL:

19 The Bureau of Licensing also provided you
20 with an Order and list of 288 individuals, including
21 151 initial and 137 renewals who the Bureau has
22 granted occupation permits to and 250 individuals who
23 the Bureau has granted registrations to under the
24 authority delegated to the Director of Licensing. I
25 asked that the Board adopt a motion approving the

1 Order.

2 CHAIRMAN COLINS:

3 Thank you. Office of Chief Enforcement
4 Counsel?

5 ATTORNEY PITRE:

6 We do not object to the issuance of those
7 permits and registrations.

8 CHAIRMAN COLINS:

9 Thank you. May I have a motion?

10 MR. RIVERS:

11 Yes. Madam Chairman, I move that the
12 Board approve the Order to issue the gaming and
13 non-gaming permits and registrations as described by
14 the Bureau of Licensing.

15 MR. MCCABE:

16 Second.

17 CHAIRMAN COLINS:

18 Questions or comments? All in favor?

19 AYES RESPOND

20 CHAIRMAN COLINS:

21 Opposed?

22 NO RESPONSE

23 CHAIRMAN COLINS:

24 Motion carries.

25 MS. HENSEL:

1 In addition, we have recommendations of
2 denials for six gaming and two non-gaming employee
3 applications. Prior to this meeting, the Bureau of
4 Licensing provided you with Orders addressing each of
5 the individual gaming and non-gaming applicants, who
6 the Bureau of Investigations and Enforcement (BIE) has
7 recommended for denial. In each case, the Applicant
8 failed to request a hearing within the specified time
9 period. I ask that the Board adopt a motion approving
10 the Order denying the gaming and non-gaming
11 applicants.

12 ATTORNEY PITRE:

13 And the Office of Enforcement Counsel
14 (OEC) recommends the adoption of such a motion.

15 CHAIRMAN COLINS:

16 Thank you. May I have a motion?

17 MR. MCCABE:

18 Madam Chair, I move that the Board
19 approve the Orders to deny the gaming and non-gaming
20 employee licenses described by the Bureau of
21 Licensing.

22 MR. GINTY:

23 Second.

24 CHAIRMAN COLINS:

25 All in favor?

1 AYES RESPOND

2 CHAIRMAN COLINS:

3 Opposed?

4 NO RESPONSE

5 CHAIRMAN COLINS:

6 Motion carries.

7 MS. HENSEL:

8 Finally, we have an Order regarding
9 registered vendors. The Bureau of Licensing provided
10 you with an Order and an attached list of 27
11 registered vendors. I ask that the Board adopt a
12 motion approving the Order.

13 ATTORNEY PITRE:

14 The Office of Enforcement Counsel
15 recommends the approval of the vendor registrations.

16 CHAIRMAN COLINS:

17 Very good. May I have a motion?

18 MR. GINTY:

19 Madam Chairman, I move the Board approve
20 the Order approving the applications for vendor
21 registrations.

22 MR. COY:

23 Second.

24 CHAIRMAN COLINS:

25 All in favor?

1 AYES RESPOND

2 CHAIRMAN COLINS:

3 Opposed?

4 NO RESPONSE

5 CHAIRMAN COLINS:

6 Motion carries. Thank you very much.

7 What I'd like to proceed to some new business by way
8 of announcements. The Board --- as a result of Anne
9 Neeb's resignation today, which will be effective June
10 6th, the Board has asked, and Frank Donaghue has
11 accepted --- has asked Frank to serve as the Executive
12 Director in an acting capacity. And we have had
13 discussions with Frank, as we have with Anne over the
14 past few weeks, and I want to ask Frank to come up.
15 He has some information to announce regarding the
16 beginning of some re-organization that we are doing
17 internally.

18 We have tremendous confidence in Frank.
19 He has demonstrated his leadership, his integrity, his
20 expertise as our Chief Counsel and the announcements
21 that he's going to make are basically the beginning
22 of, as I said, internal changes which are temporary in
23 nature. But we have formal processes in place which
24 we will go through, and Frank will explain that as he
25 presents these changes to you.

1 ATTORNEY DONAGHUE:

2 Thank you, Chairman Colins. First, I
3 just wanted to say having worked with Anne Neeb very
4 closely for more than two years now, I just wanted to
5 say that the gaming experience that she brought to
6 Pennsylvania has been invaluable to the citizens of
7 the Commonwealth. It has been a rewarding experience
8 working with Anne so closely, and I wish her well.

9 I'm honored to undertake this
10 responsibility and pledge to continue to build upon
11 our prior accomplishments in the creation and the
12 building of this new industry. I believe that we can
13 do this by working internally with other state
14 agencies and with the General Assembly to continue and
15 improve the Board's oversight of gaming in this
16 Commonwealth and ensure integrity in gaming.

17 Working together, I am confident that we
18 can also continue to guide the development of this new
19 industry, which has already brought over 7,000 new
20 living-wage jobs to this Commonwealth and generated
21 over \$1.4 billion in new tax revenues and holds the
22 promise of providing over 10,000 full-time jobs and
23 more than \$1 billion in annual tax revenues.

24 As Chairman Colins indicated, Executive
25 Staff has been continuing to examine organizational

1 and operational needs of the Agency in terms of
2 efficiencies, resources and personnel. And with
3 regard to that, to date, we are implementing the
4 following organizational changes to fill the needs of
5 the Agency.

6 First, with regard to the consolidation
7 and placement of administrative functions would be
8 placed under Eileen McNulty, who will serve as both
9 the Chief Financial Officer of the Agency, as well as
10 the Director of Administration. Secondly, Mozelle
11 Daniels will serve as the Director of Diversity and
12 Special Counsel to the Executive Director. Doug
13 Sherman will act as the Acting Chief Counsel. Paul
14 Resch will serve as Acting Director of Gaming
15 Operations. Mickey Kane will serve as Acting Board
16 Secretary and Joe Bott will serve as the Acting HR
17 Director.

18 Again, the Executive Staff will continue
19 to review organizational and operational needs and
20 make recommendations to the Board as necessary.

21 CHAIRMAN COLINS:

22 Thank you very much. I would like to
23 emphasize that these changes, for the time being, are
24 all in an acting capacity. All positions are going to
25 be posted in accordance with our personnel policies

1 and practices and will be subject to posting an
2 application by all who are qualified and interested.
3 In terms of the Executive Director position, which
4 Frank will be acting in, that will be filled on a
5 permanent basis subject to a national search for an
6 Executive Director which we will conduct. Again, this
7 will all be a gradual and thorough process, the
8 filling of these positions, in complete compliance
9 with our policies and procedures. I thank Frank and
10 all of those who have agreed to move into these
11 positions in an acting capacity.

12 And one final announcement is that our
13 next public meeting will be June 11th at 11:00 a.m. in
14 the State Museum Auditorium. That concludes our
15 meeting. And may I have a motion to adjourn?

16 MR. RIVERS:

17 So moved.

18 MR. MCCABE:

19 Second.

20 CHAIRMAN COLINS:

21 All right. Okay. We all agree. Thank
22 you.

23 * * * * *

24 PUBLIC MEETING CONCLUDED AT 2:40 P.M.

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