

COMMONWEALTH OF PENNSYLVANIA

GAMING CONTROL BOARD

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PUBLIC HEARING

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BEFORE: Gregory C. Fajt, Chairman
James B. Ginty, Raymond S. Angeli, Jeffrey
W. Coy, Kenneth T. McCabe, Gary A. Sojka,
Kenneth I. Trujillo
Keith Welks representing Honorable Robert
M. McCord, State Treasurer

HEARING: Friday, January 8, 2010, 10:10 a.m.

LOCATION: Pennsylvania Gaming Control Board
P.O. Box 69060
Harrisburg, PA 17106-9060

WITNESSES: John Finamore, Frank Quigley

Reporter: Cynthia Piro-Simpson

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CHAIRMAN:

Good morning everybody. We have one item before the Board today by way of public hearing, which will take place prior to our scheduled public meeting. The first item addresses the Application for Renewal of Category I Licensure by Mountainview Thoroughbred Racing Association, better known as Hollywood Casino at Penn National. This matter has already been the subject of an evidentiary hearing, which occurred before our Director of Hearings and Appeals, Linda Lloyd on November 12th, 2009. The Board has already received the transcript of that proceeding as well as the Hearing Officer's report that would like to --- what we'd like to do today is simply give Mountainview and the Office of Enforcement Counsel (OEC) the opportunity to submit any additional evidence that they may have as well as be available for any questions from the Board members. Okay. Let's begin. May I have all the parties involved in these proceedings? I see everybody is sitting here. Will those present please stand and be sworn?

WITNESSES SWORN EN MASSE

1 -----

2 CHAIRMAN:

3 If it's okay with the Board, what I'd
4 like to do is hear from both Hollywood Casino and then
5 the OEC and we'll hold all our questions 'til after
6 that. Prior to your testimony today could you ---
7 before you speak could you just please state and spell
8 your name for the stenographer? Representatives from
9 Mountainview, welcome. Good to have you here today
10 and you may proceed.

11 ATTORNEY QUAGLIA:

12 Good morning, Mr. Chairman. I am Ray
13 Quaglia, Q-U-A-G-L-I-A, from the Ballard Spahr firm
14 here representing the Licensee, Mountainview. As you
15 stated, we have previously had our public hearing and
16 the hearing report to the Board has been issued by Ms.
17 Lloyd. I would note that we also have a stipulation
18 that was filed on January 6th regarding the submission
19 of additional evidence, and in addition what we would
20 like to do today with your leave is certainly not
21 repeat what was presented at our November public
22 hearing, but just for the benefit of the Board and the
23 public provide a brief overview of the status and the
24 future of Hollywood Casino at Penn National Race
25 Course.

1 And what we would like to do is begin
2 with a short and, I submit, very moving video
3 concerning Penn National Gaming in general and then we
4 will hear briefly from, sitting at my left, John
5 Finamore, the Senior Vice President of Regional
6 Operations for Penn National Gaming, to his left,
7 Frank Quigley, the Vice President and General Manager
8 of Hollywood Casino at Penn National Race Course and
9 then on my right, Tom Auriemma, the Vice President and
10 Chief Compliance Officer at Penn National Gaming.

11 We also have available for questions to
12 the extent the Board has any for them, Christopher
13 McErlean, Vice President of Racing for Penn National
14 Gaming and Laura Palazzo, the Chief Financial Officer
15 of Hollywood Casino at Penn National Race Course. And
16 with that by way of introduction, I'd like to start
17 the video and then turn the floor over to the
18 representatives.

19 VIDEO PLAYED

20 MR. FINAMORE:

21 Good morning, Mr. Chairman, Commissioners
22 and staff. My name is John Finamore,
23 F-I-N-A-M-O-R-E, Senior Vice President of Regional
24 Operations for Penn National Gaming. I'd like to
25 start this morning by giving you a little bit of the

1 background on the race course and the facility at Penn
2 National.

3 Originally built in 1972 and opened in
4 1972, purchased by the Carlino family in 1982,
5 obviously the track that is the namesake for our
6 company. Our company was shown in the video, launched
7 the initial public offering in 1994 and then the
8 company really went on a course of evolving from an
9 only racing company to a diversified racing and gaming
10 company, to the point that we are proud today to say
11 we are the third largest casino company, gaming
12 company in the nation.

13 The decision in 2006 was made to
14 redevelop the facility. As you all know, it was a
15 difficult decision. We took a lot of time studying
16 it. The final outcome was to tear down the existing
17 facility and redevelop it and develop what we believe
18 is a very successfully integrated facility,
19 integrating racing and the casino itself. The
20 facility reopened, as you know, in February 2008. I'd
21 like to show you a few shots. There's our Porte
22 Cochere at night, beautiful shot of the facility. The
23 next shot is of the casino floor. This is our Epic
24 Buffet, 375 seat Epic Buffet that was added after the
25 original opening in February. It was added in the

1 fall of that year and this is our Final Cut Steakhouse
2 that opened in December of that year. Again, a second
3 amenity that we offered post opening. Let me now turn
4 the presentation over to Frank Quigley, our General
5 Manager.

6 MR. QUIGLEY:

7 Good morning, Chairman.

8 CHAIRMAN:

9 Good morning.

10 MR. QUIGLEY:

11 Commissioners, staff. My name is Frank
12 Quigley, Q-U-I-G-L-E-Y. Excuse me. Sorry about that.
13 Frank Quigley, Q-U-I-G-L-E-Y. Briefly I just want to
14 go through --- we had made ---. Penn National had
15 made significant commitments to the property prior ---
16 or to the plans for the property prior to opening. I
17 just want to highlight those because we believe that
18 we have met all those commitments, obviously, a
19 substantial commitment to horse racing. John will be
20 back in a little bit to talk about our efforts in
21 horse racing.

22 Integrated slot and horse racing
23 property, John has talked about that. I think you'll
24 see some pictures later on to show how we've
25 integrated slots and horse racing to make it one

1 business, so to speak, as opposed to two.

2 We estimated gaming revenue for the first
3 year at \$160,000,000. In fact, the first year we did
4 \$170,000,000 and you'll see on a schedule later on
5 what we've done this year, which is a significant
6 increase. We do have a master plan for the property.
7 We'll talk a little bit about table games, which will
8 touch on that master plan going forward. And we have
9 a significant commitment to diversity and responsible
10 gaming that's not listed here, and I'd be glad to talk
11 about that.

12 Interesting --- the timing of this,
13 obviously we all know that the Governor signed the
14 bill yesterday. We are quite excited about that.
15 There's been a lot of talk. I've just recently have
16 gotten --- I got here in August, so this has pretty
17 much been the talk of the town and the talk of our
18 property since the day that I've arrived and we're
19 very excited. Our plan is to open with 40 table games
20 to start and then 15 to --- 10 to 15 poker tables.

21 We have a plan --- and speaking of the
22 master plan, we have a plan to expand the property by
23 45,000 square feet that will allow us to add an
24 incremental 200 to 250 slot machines and more table
25 games if the market demands that. I fully expect that

1 the market will demand more than what we're putting
2 out there, however, what we don't want to do is to
3 overshoot this market. I come from the school of
4 under promising and over delivering, so to speak, so
5 the last thing we want to do is to staff this place up
6 and provide jobs to people that we can't keep in the
7 future. So we're starting with 40 tables and
8 hopefully we will grow that.

9 One of the things that's been a key point
10 in our property and I've let --- in all employee
11 meetings and round tables that I do, I've let every
12 one of our employees know that the folks that work at
13 Penn National will have first opportunity at these
14 jobs. Once we fill the jobs that we can from within,
15 the rest of these jobs will come from the local labor
16 pool with the exception of the very first group of
17 managers that we will need to recruit with some
18 experience. But going forward we will have every one
19 of these jobs --- and the vacated jobs that come in
20 the ancillary positions, so to speak, will be filled
21 from the local labor pool.

22 It's been quite exciting with our
23 employees. Our employees --- I get employees knocking
24 on my door every day wanting to know when they're
25 going to get their opportunity. And with that we will

1 provide training for all those folks at no cost,
2 whoever wants those jobs, and we will also look to
3 partner with local educational institutions to provide
4 ongoing training with regard to table games.

5 This is a schedule of taxes and fees paid
6 since opening. As you can see, if you look at total
7 gaming taxes are as close to \$100,000,000 taxes in
8 2008 and \$135,000,000 in taxes last year, which is a
9 significant contribution. As I said, we have a strong
10 belief in our commitment to diversity and that is
11 comprehensive from our employment, our contract in
12 purchasing. We do significant diversity training and
13 we participate in a wide range of diversity events.

14 Just a little summary of our workforce.
15 We have approximately 1,100 employees. 1,064 of them
16 are from Pennsylvania, 12 percent of them are
17 representative of various minority groups. The
18 population within a one hour drive of our property of
19 those groups is 9 percent and 48.8 percent are female
20 in our operation.

21 You have copies of that in front of you,
22 John, and I have a copy here. And basically from here
23 I just wanted to show we have donated approximately
24 \$300,000 in charitable contributions since the opening
25 of the property. One of the things listed on your

1 handout there is just a schedule of --- and it's a
2 noisy one, but I did that purposely to show you how
3 committed we are. We believe in being strong
4 corporate citizens and we will continue to do that. I
5 know there is some interest in our commitment to
6 racing and I'm going to turn it back over to John to
7 give you some highlights of just that.

8 MR. FINAMORE:

9 All right. Let's talk about horse
10 racing. As you know that's the background of our
11 company, the heritage of our company. The company
12 began with the single racetrack, Penn National
13 Racecourse, as I mentioned earlier, developed several
14 off track wagering facilities in Pennsylvania. And as
15 I said earlier, the brand name Penn National is
16 incorporated, obviously, is our name.

17 Today we operate as a company six wholly
18 owned racetrack facilities and one joint venture. We
19 are the second largest horse racing operator in the
20 country, third largest casino operators I mentioned
21 earlier. And we operate over 1,100 live racing
22 performances annually and more than \$700,000,000 has
23 been generated through live racing and simulcast
24 import/export signal. Four of our facilities,
25 thoroughbred facilities, do operate with slots,

1 obviously Penn National being one of them. And that
2 is the second largest --- we are the second largest
3 operator, race/casino operator, in the country. I'm
4 proud to say that when it comes to horse racing we'll
5 generate \$100,000,000 in purse funds through gaming in
6 2009 and more than \$370,000,000 generated in state tax
7 revenues. Again, this is Penn National as a whole,
8 not just Penn National Race Course.

9 Obviously, at Penn National Race Course
10 we offer year round thoroughbred racing. More than
11 200 racing dates are scheduled for 2010, a 50 week
12 schedule. We take the track down for two weeks for
13 maintenance. Wednesday through Saturday evenings we
14 offer year round simulcasting, as you know, and we
15 still operate four off track wagering facilities in
16 the State of Pennsylvania.

17 The next part are some beauty shots I
18 have of the racetrack that you have in your packet,
19 but we don't have electronically. I think the most
20 important slide is the one that shows the grandstand.
21 And we touched on it earlier. We took great pains to
22 really integrate and I know we --- I don't want to
23 belabor this point, but I think it's been a large part
24 of the success of our facility is that we integrated
25 racing with slots and now with tables shortly. And,

1 you know, a lot of other facilities in the country
2 separate those two businesses. We wanted to make sure
3 we thoroughly integrated it.

4 I'll talk briefly about the capital
5 improvements we're making at the race course on the
6 back side. We signed a ten year, \$10,000,000
7 agreement with the Pennsylvania HBPA. That's the
8 Horsemens Benevolent and Protective Association to
9 commit that money to the backside improvements.
10 That's 60 percent above the Act 71 mandate, that
11 dollar amount. We have embarked on an ambitious
12 program to build new barns and a lot of site
13 improvements on the backside, work that was long
14 overdue. And nearly 50 percent of that \$10,000,000
15 was spent in the first 20 months since the casino
16 opened. We have built five brand new barns from the
17 ground up and three new barns will be built in 2010.
18 In addition to that \$10,000,000 commitment we have
19 spent an additional \$3,000,000 since 2008 in horse
20 racing related capital improvements, including a new
21 track surface, upgraded electrical and water systems,
22 new track equipment vehicles and so on.

23 The next chart --- or the next slide in
24 front of you is a chart that shows the impact the
25 casino has had --- the very positive impact the casino

1 has had on purses. You can see the blue lines were
2 pre the casino opening, purses earned by racing only
3 and the red bar indicates the contribution made from
4 slots and the average daily purse now is over
5 \$160,000. Before the casino opened it was just around
6 \$60,000 per day.

7 Important stats that we have seen --- or
8 improvements in stats we've seen since the casino
9 opening included a 9.12 horses per race. That's a
10 stat that's important in the horse racing industry.
11 The higher the field size, the better it is for horse
12 racing. And that is the highest in the mid-Atlantic
13 region and that is fueled by higher purses, improved
14 quality of horses and that cycle is just so important.

15 In 2009 wagering on Penn National races
16 nationwide was up 10 percent from 2008 and this at a
17 time when national wagering on horse racing is down
18 dramatically. So we bucked the trend there and
19 obviously, again, that's a product of larger fields,
20 better horses, bigger purses, all driven by the
21 casino. Record purse, we had a record purse last year
22 for the N-Handle for the Governor's Cup that we host
23 every year and purses currently paid --- I mentioned
24 are over \$160,000, but they have topped out at over
25 \$180,000 a day. And, again, that's a 220 percent

1 increase from the pre-casino purse levels.

2 The horse racing story has been a great
3 success for us. I've touched on a little bit of it,
4 but just to see the racetrack revitalized, the product
5 revitalized, the work we're doing on the back side,
6 the commitment we have made to racing. Again, it's
7 our heritage. We understand the business, but the Act
8 really has done what it set out to do, which was help
9 revitalize the racing industry.

10 I think that ends our formal comments.
11 We'd be, Frank and I, Tom Auriemma will be very happy
12 to take any questions. Hopefully we'll answer them
13 better than our slide presentation went.

14 CHAIRMAN:

15 That's no problem.

16 MR. FINAMORE:

17 Thank you.

18 CHAIRMAN:

19 Does OEC have any questions?

20 MS. DAVENPORT:

21 Yes, Commissioner --- or Chairman. We
22 have several questions. Nan Davenport, Deputy Chief
23 Enforcement Counsel for the OEC. Could you just ---
24 since they passed the table games can you just briefly
25 go over the anticipated salaries for those new

1 employees?

2 MR. FINAMORE:

3 Anticipated ---

4 MS. DAVENPORT:

5 Salaries.

6 MR. FINAMORE:

7 --- salaries? We're looking --- the
8 salaries for table games employees based on the entry
9 level employees will determine on the appetite for
10 tips in the area. It's traditionally a tipped
11 environment. My experience, and I've been in five
12 municipalities in my career, they're going to run
13 anywhere from probably \$15 an hour to maybe upwards of
14 \$25 to \$30 an hour, and it's very difficult right now
15 to tell what that'll be. My guess is these jobs are
16 going to range anywhere from \$35,000 a year to could
17 be upward to \$50,000, probably fall somewhere in
18 between there. They're going to be very, very good
19 jobs, benefit paying jobs.

20 MS. DAVENPORT:

21 And this will include benefits as well,
22 benefit packages?

23 MR. FINAMORE:

24 Absolutely. And they'll be benefit
25 paying jobs as well.

1 MS. DAVENPORT:

2 With respect to those new employees, will
3 you be following the same diversity goals that you
4 currently have in place?

5 MR. FINAMORE:

6 Absolutely.

7 MS. DAVENPORT:

8 And we request that you provide a copy of
9 the presentation so that we can put it up on the
10 website after today's hearing.

11 MR. FINAMORE:

12 We will.

13 MS. DAVENPORT:

14 Thank you.

15 MR. FINAMORE:

16 We will do that.

17 MS. DAVENPORT:

18 Okay. Thank you.

19 CHAIRMAN:

20 We'll now ask Enforcement Counsel for
21 their presentation, if you have one?

22 MS. DAVENPORT:

23 Okay. Pursuant to Section 1302 of the
24 Gaming Act, the Board may issue a Category I Slot
25 Machine License to a licensed racetrack facility that

1 has been issued a license from either the State Horse
2 Racing Commission or the State Harness Racing
3 Commission to conduct thoroughbred or harness race
4 meetings with parimutuel wagering.

5 On September 27th, 2006 Mountainview
6 Thoroughbred Racing Association doing business as
7 Hollywood Casino at Penn National Race Course was
8 issued a conditional Category 1 Slot Machine License.
9 On December 20th, 2006 the Board approved
10 Mountainview's permanent Category 1 Slot Machine
11 License and on February 12th, 2008 Mountainview opened
12 its permanent facility to the public.

13 The current facility includes an approved
14 gaming floor area of 94,301 square feet and a maximum
15 slot machine configuration of 2,370 slot machines.
16 According to Section 1326 of the Gaming Act and
17 Section 441a.16 of the current regulations, a slot
18 machine Licensee's license shall be valid from one
19 year from the date of approval of the license renewal
20 by the Board.

21 The Board's Bureau of Investigations and
22 Enforcement (BIE) conducted a Mountainview
23 Thoroughbred Racing Association Category 1 renewal
24 background investigation and the Bureau's Regional
25 Director for the central region, Mike Rosenberry,

1 testified at the November 12th, 2009 public hearing
2 that Mountainview fully cooperated with BIE during the
3 license renewal investigation process and that BIE's
4 renewal investigation had not uncovered any issues
5 relating to Mountainview, its affiliates, principals
6 or employees that were precluded from being licensed
7 by the Board. Director Rosenberry is present this
8 morning to answer any Board questions.

9 CHAIRMAN:

10 Does Mountainview Racing have any
11 questions of Enforcement Counsel?

12 MR. FINAMORE:

13 No. No, Mr. Chairman. Thank you.

14 CHAIRMAN:

15 Questions from the Board?

16 MR. COY:

17 Thank you, Mr. Chairman.

18 CHAIRMAN:

19 Sure.

20 MR. COY:

21 I just have a couple points. I think
22 probably of all the members of the Board I think I
23 probably live closer than anybody else to your
24 facility, and I know that people in Franklin County
25 and Western Cumberland County, an area that I'm

1 familiar with, are your patrons. And I really get
2 only one complaint and it's --- and I hear it all the
3 time and that is that it's too smoky. And I suspect
4 you have done your best to deal with it, but I will
5 tell you that people talk about it and people say to
6 me, I hope they soon get that fixed. So I don't know
7 what it is that you're trying to do to help it, but I
8 will tell you as far as some people are concerned,
9 it's not working. And I suspect it's something you
10 struggle with on a constant basis.

11 MR. QUIGLEY:

12 Sure. It is an issue in our industry.
13 We have experienced that throughout the country. I
14 will tell you relative to the industry, the air
15 quality in our building is pretty good. That still
16 doesn't make, you know, non-smokers happy. The other
17 reality of our business is that there is a propensity
18 for our customers to smoke and that's been proven
19 throughout the country when we go no-smoking. I don't
20 disagree that it's a --- actually being a cancer
21 survivor myself, that it's not a better environment to
22 be in a no-smoking environment. However, the
23 economics of it simply don't work.

24 We spend a lot of time --- there is a
25 state of the art air handling system in the property,

1 but we continue to deal with those complaints also.
2 We do many surveys and I agree with you. It is there.
3 All I can say is that we will continue to do the best
4 we can with that and to provide no smoking areas and
5 enforce them.

6 MR. COY:

7 Just telling you what I'm hearing ---

8 MR. QUIGLEY:

9 I agree.

10 MR. COY:

11 --- and I imagine you're working on it.

12 I have a question about table games. With the advent
13 of table games --- and I suspect from what I hear that
14 you will apply for a permit to utilize them. What do
15 you do with the virtual machines? Do you just move
16 them out then or --- talk to me about that.

17 MR. QUIGLEY:

18 No. What we believe --- the virtual
19 machines ---. We believe there is a place for the
20 virtual machines in our business, however, not as many
21 as we have. And it's --- one of the realities of
22 table games is and one of the reasons why people don't
23 play table games, some people, is they're
24 intimidating. The first time particularly craps and
25 some of the more complicated games it's very

1 intimidating to be a novice crap player or a blackjack
2 player for that matter with all the myths that go with
3 the game. What the virtual games do for us is
4 actually provide us with a farm system, so to speak,
5 where people can go play that game without the
6 intimidation of live table games and actually prepare
7 them, in a sense, to be ready for the big leagues, so
8 to speak, in real table games. So we think there's
9 going to be a real strong demand for those games
10 ongoing, but not to the degree that we have them now.

11 MR. COY:

12 One comment and/or question about horse
13 racing. I heard what you said, that you feel like
14 most of us do, that slots have really helped buck the
15 trend in terms of horse racing and the horse industry.
16 That has not been the case nationwide. What do you
17 think people will say when they sit where you're
18 sitting and other people are sitting where we're
19 sitting five years from now about horses? What's your
20 --- if you had to look in the crystal ball about horse
21 racing's future, particularly in Pennsylvania, what do
22 you think?

23 MR. QUIGLEY:

24 Well, I guess I would start by answering
25 on a national level. The industry is very challenged

1 and we have a horse racing expert with us today that
2 could probably give you a better answer than I can,
3 but the industry is challenged. The business model is
4 --- needs to be fixed. Slots help that. Slots have
5 --- as I mentioned earlier, certainly has addressed
6 that at Penn National successfully, but slots are not
7 the answer. There's been a lot of discussions with
8 the National Horse Racing organizations on how to fix
9 the industry. You know, I will tell you that if
10 tracks don't offer slots, in many cases they're going
11 to be out of business in five years. But, again, that
12 doesn't fix the bigger problem, which is introducing
13 --- the industry needs to introduce the product to the
14 next generation. They have not done a good job of
15 doing that. If you look at our typical racing
16 customer, they're older. The industry --- the root
17 cause of the problem is the industry is not
18 successfully attracting younger customers, younger
19 patrons and that is the challenge. This is a subject
20 that you know is debated and discussed. Slots are a
21 good short term fix, but they're not the permanent
22 answer.

23 MR. COY:

24 I asked you only because I know your
25 company's background in support of horse racing and I

1 suspect you have been thinking about it a great deal.

2 MR. FINAMORE:

3 Absolutely.

4 MR. COY:

5 One more quick point --- as my fellow
6 Commissioner says that I say it all the time, but one
7 more point and that is, when I go home today I will
8 drive down Interstate 81 and I saw your remarks about
9 Charlestown. And right south of Carlisle on
10 Interstate 81 there's a great big billboard. It says
11 slots and table games, Charlestown, so many miles. So
12 when you get your table games permit, if you do,
13 you're just going to change that billboard and say
14 turn around and go back to Penn National? How are you
15 going to do the marketing about all this is ---?

16 MR. FINAMORE:

17 Well, it's a very good question,
18 Commissioner, because as you know we are developing a
19 facility in Maryland currently, in Cecil County,
20 Maryland, that will also be branded a Hollywood
21 Casino. And we think there's great opportunity to
22 co-market those three facilities, the Penn National
23 facility, the Maryland facility and the Charlestown
24 facility. We know we share certain customers in our
25 database currently between Penn National and

1 Charlestown and we look at that as an opportunity to
2 benefit the operations as a whole.

3 MR. COY:

4 I've seen some other advertising done
5 that says you've just passed a certain point, so I
6 didn't know whether you had that in mind or --- I
7 appreciate your answers.

8 MR. FINAMORE:

9 No. I have to get the three general
10 managers to agree, of course. They're all very
11 territorial and they want to keep their own customers,
12 but ---.

13 MR. COY:

14 Well, so are we.

15 MR. FINAMORE:

16 And there's a way to make it a win/win
17 and give the customer a different experience, but also
18 grow the businesses all around. And that's the sweet
19 spot we're going to look for.

20 MR. COY:

21 Thank you, Mr. Chairman.

22 MR. FINAMORE:

23 Thank you.

24 CHAIRMAN:

25 Thank you. Commissioner Sojka?

1 MR. SOJKA:

2 Just a couple quick things. First of all
3 --- there it is. First of all, I'm delighted with
4 your presentation in which you do emphasize the
5 synergy between horse racing and gaming.

6 MR. FINAMORE:

7 Thank you.

8 MR. SOJKA:

9 And I appreciate your answer to
10 Commissioner Coy considering the future of the
11 industry, and I think it's good that you've factored
12 out some of the concerns and I think it ties in with
13 Mr. Quigley's comment about the need for electronic
14 table games or, if you will, shared experience slot
15 machines because people do find live play
16 intimidating. And I think young people love to watch
17 horses run around, but they don't know how to break
18 into the parimutuel play and that's what drives the
19 industry. So I'm hoping you're going to go there.

20 But we do have direct responsibility for
21 the money you spend on the back side. And, again, I'm
22 pleased that you have essentially gotten slightly
23 ahead of the schedule in that area, but I know that a
24 year and a half ago there were very serious problems
25 relating to the health and welfare of equine athletes.

1 You had significant numbers of catastrophic breakdowns
2 that had a lot of people concerned. I know you spent
3 significant dollars to bring in a national expert.
4 You've studied the system and you spent quite a bit of
5 money to fix the problem. My question is, has it
6 worked?

7 MR. FINAMORE:

8 Well, breakdowns on a racetrack are
9 caused by many factors. The racing surface is one of
10 them and we've done a lot of research. Obviously
11 there's been a lot of national research done as well
12 into why these injuries occur, and it is not just the
13 track surface. It is the way the horses are trained,
14 the way they're cared for, the shoes they wear. Many,
15 many, many factors affect it. What we see at all of
16 our facilities is, when it comes to breakdowns, spikes
17 upwards and downwards and, you know, it's never
18 consistent. It's always difficult to isolate the
19 causes, but I'll tell you, one thing we see very
20 consistently across our thoroughbred racetracks when
21 it comes to breakdowns, the majority of them, the vast
22 majority of them, probably over 70 percent of them are
23 in the lower level races. And that I will tell you
24 has nothing to do with the racetrack. We can only
25 control, Commissioner, the racetrack through

1 maintenance and care and upkeep. These other factors
2 are out of our control. So we look at it as we have a
3 responsibility certainly to have a good surface and
4 maintain it properly. The horsemen have a
5 responsibility to look after their horses and I think
6 that ---.

7 MR. SOJKA:

8 I think that's a very good answer to a
9 complex problem. Could I just approach it one other
10 way and ask, have complaints from horsemen diminished
11 since you've improved that surface?

12 MR. FINAMORE:

13 Horsemen?

14 MR. SOJKA:

15 I mean, not to zero. Have they gone down
16 some?

17 MR. FINAMORE:

18 Horsemen by their nature --- one horseman
19 will tell you the track is too fast and the guy next
20 to him that same day will tell you it's too slow. One
21 will tell you it's too hard, it's too soft. It's very
22 hard to get consensus, but I can tell you the work we
23 did last year to redo the surface was met positively
24 overall. We are hearing less complaints overall from
25 the horsemen. They will always be unhappy with the

1 surface, but we are hearing less complaints and I
2 think that --- you know, I mentioned we close for two
3 weeks every year to do maintenance on the track. We
4 do that at our Charlestown facility where we turn over
5 the cushion, put down some new material in the cushion
6 and that's the commitment we will continue to make to
7 try and keep the horsemen happy and the surface as
8 best it can be.

9 MR. SOJKA:

10 Thank you.

11 MR. QUIGLEY:

12 Commissioner, could I jump in and make a
13 point on that?

14 MR. SOJKA:

15 Yes.

16 MR. QUIGLEY:

17 One of the interesting parts of my job is
18 horse racing, which is new to me, and I'm coming to
19 this job and I'm quite honestly humbly learning this
20 industry. And I'm doing it by taking the gloves off
21 and putting on a pair of jeans and going back in there
22 and spending time with the horsemen. I've actually
23 put the flak jacket on and went into the starting
24 gate, spent a lot of time in the jockey room, spent a
25 lot of time on the back side and I've learned

1 obviously that the condition of the racetrack is first
2 and foremost their biggest concern. Every day that's
3 the first thing that I ask them when I go and I
4 intermingle with them, and I've only had one complaint
5 about the racetrack since I've been here.

6 MR. SOJKA:

7 Thank you.

8 CHAIRMAN:

9 Other questions? Commissioner Trujillo?

10 MR. TRUJILLO:

11 First, Mr. Quigley, when I get home this
12 evening I'm going to tell my wife that I laughed, I
13 cried and if she sees one movie at all this year it's
14 got to be this one. I'm hopeful that we're not like
15 the horsemen and all of us dissatisfied with one thing
16 or another, but I --- because on one hand I'm very
17 pleased. First, actually, I want to follow up on one
18 question from Ms. Davenport. The \$35,000 to \$50,000
19 you also discussed was a heavily tipped environment.
20 Does the \$35,000 to \$50,000 in your --- is that
21 inclusive or exclusive of tips?

22 MR. FINAMORE:

23 Inclusive.

24 MR. TRUJILLO:

25 Okay. So that would total

1 compensation ---

2 MR. FINAMORE:

3 Yes.

4 MR. TRUJILLO:

5 --- not ---

6 MR. FINAMORE:

7 Correct.

8 MR. TRUJILLO:

9 --- in addition? Okay. Thank you. I
10 also had noted in the report a recommendation that the
11 percentage of minority hires had been --- is a number
12 that is greater than the minority population in the
13 region and I was pleased to hear that and see that.
14 However, the question I have --- and I won't be
15 surprised if you don't have the information here
16 today, but I would like to ultimately understand it a
17 little better is when you dig a little deeper into
18 those numbers at the senior level at Penn National and
19 at the senior level at Hollywood I'd be interested in
20 seeing what those percentages are in terms of
21 employees. And so if you could provide that to us at
22 the appropriate time, I'd appreciate it, unless you've
23 got that information now?

24 MR. QUIGLEY:

25 Not at hand, but we can get that to you.

1 MR. TRUJILLO:

2 But to me it's --- it is important to see
3 what you're doing on the management side with respect
4 to both minority and women hiring. And secondly,
5 along that same vein, on your contracting I'd also be
6 interested in having a little bit more of a breakdown
7 in terms of whether you have that same kind of number
8 with respect to professional services and some of the
9 more highly skilled and other kinds of services. And
10 I understand your industry and I understand a lot of
11 times your workforce certainly is going to be ---
12 you're going to have a lot of --- you know, a vast
13 majority of your workforce is going to be not
14 necessarily all highly skilled positions, but to the
15 extent that you have highly skilled positions or
16 management positions, those are going to be of some
17 interest to us in terms of how those positions are
18 filled.

19 MR. QUIGLEY:

20 Sure.

21 MR. TRUJILLO:

22 That's all I have, Mr. Chairman.

23 CHAIRMAN:

24 Thank you. Any other questions from
25 Board members? With that we will take a short break,

1 go into executive session. I'm guessing ---.

2 MS. DAVENPORT:

3 Thank you. Sorry to interrupt. But
4 before you take your break I'd like to invite Susan
5 Hensel to come up.

6 CHAIRMAN:

7 I apologize. Certainly.

8 MS. HENSEL:

9 On January 6, 2010 the parties entered
10 into stipulation to admit two additional OEC exhibits
11 into the record. At this time I'd like to move all
12 exhibits into the record.

13 CHAIRMAN:

14 Please do.

15 MS. DAVENPORT:

16 And at this time the BIE has not
17 identified any issues that would preclude the renewal
18 of Mountainview Thoroughbred Racing Association's
19 Category 1 Slots Operator's License.

20 MS. HENSEL:

21 Based on the information --- based on the
22 materials and information and the renewal application
23 and the cooperation received from the Applicant, the
24 Bureau of Licensing is not aware at this time of any
25 issues that would preclude the renewal of the Category

1 1 Slot Machine License from Mountainview Thoroughbred
2 Racing Association.

3 MS. DAVENPORT:

4 Thank you.

5 CHAIRMAN:

6 Any other questions from Mountainview?
7 Does that conclude your hearing, Enforcement Counsel?

8 MS. DAVENPORT:

9 It does.

10 CHAIRMAN:

11 Any questions from the Board? Now we'll
12 adjourn. We will be back within ten minutes, so
13 10:40. Is that clock right? Okay. We'll be back in
14 ten minutes to have our regular meeting. Thank you.

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17 * * * * *

18 MEETING CONCLUDED AT 10:30 A.M.

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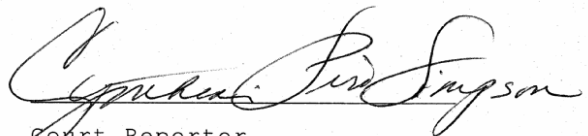
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CERTIFICATE

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I hereby certify that the foregoing proceedings, hearing held before Chairman Fajt was reported by me on 01/08/2010 and that I Cynthia Piro Simpson read this transcript and that I attest that this transcript is a true and accurate record of the proceeding.



Cynthia Piro Simpson
Court Reporter