

Pennsylvania Gaming Control Board

Recommended Loan Repayment Schedule June 8, 2011

The 2010 Fiscal Code mandated that the Board establish a schedule governing repayment of approximately \$63.8 million in loans from the Property Tax Relief Reserve Fund no later than June 30, 2011. The actual repayments are to begin, per the Fiscal Code, once eleven facilities have commenced operations. The parameters of the schedule are that it (1) set forth the frequency of the payments (quarterly, semi-annually, or annually); (2) assess the cost of repayment in an amount that is proportional to each slot machine licensee's gross terminal revenue ("GTR"); and (3) result in full repayment not earlier than five years, but not more than ten years following commencement of the loan repayments.

Industry input was solicited and received on two occasions. Relevant materials have been posted on the Board's website and public comment was accepted until April 28, 2011. Additionally, comments were received from elected officials.

The calculation method the Office of Chief Counsel advocates assumes that the eleventh facility will open in the first quarter of 2012. The loan term will be 10 years and the outstanding loan balance (approximately \$63.8 million) will be divided by ten to reflect an amount to be repaid for each year of repayment.

Therefore, each year the operational facilities will repay a total of \$6.38 million. Once the eleventh facility is operational in the first quarter of 2012, GTR will be assessed upon the close of that fiscal year, or June 30, 2012. The repayment amount will be calculated using the facility GTR for FY 2011/2012 divided by the statewide GTR for FY 2011/2012. The resulting percentage will be multiplied by \$6.38 million to find the dollar payment each facility will pay. Therefore, each facility will pay an amount proportionate to its GTR. Further, each facility will contribute towards repayment in the first year of repayment.

The assessment for each year will be made in early July based upon the prior fiscal year GTR. The repayment amount will be due within 45 days of notification by the Board of that assessment. As a result, each year, a payment would be made during the month of August. The first payment amount after the initial assessment would be due in August 2012.

The calculation suggested here is based upon provisions of the current fiscal code. Uses of other accumulated funds or the acceleration of payment, before an eleventh facility opens, have not been taken in to account as those matters are not within the Board's control.

The chart below is an illustration of the implementation of this calculation method.

FY	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Mohegan Sun	X	X	X	X		2.3B										P
Parx Casino	X	X	X	X		9.61%										A
Harrah's Ch.	X	X	X	X		16.30%										I
Presque Isle	X	X	X	X		12.49%										D
Meadows	X	X	X	X		7.29%										
Mount Airy		X	X	X		10.84%										I
Hollywood		X	X	X		6.26%										N
Sands Beth.			X	X		10.25%										
The Rivers				X		10.43%										
Sugarhouse					X	10.75%										F
Valley Forge						4.53%										U
Nemacolin						0.64%										L
						0.61%										L
						6.38M	6.38M	6.38M	6.38M	6.38M	6.38M	6.38M	6.38M	6.38M	6.38M	6.38M

The chart represents the fiscal years in which the operational facilities opened. It assumes the Cat 3's will open in FY 2011 / 2012.

The FY outlined in bold type is the fiscal year in which the PGCB became fully funded by facility payments, i.e. not funded through loans.

The percentages in the column for FY 2011/2012 shows an approximate percentage of statewide GTR for each facility. Statewide GTR for FY 2011/2012 is estimated to be 2.3 billion. Percentages are approximations based on YTD GTR and projected revenue for two months. The percentages will readjust each year to reflect the change in market share for each facility.

The chart also reflects that (approximately) 6.38M total will be repaid each fiscal year until the entire loan balance is repaid in FY 2021/2022.