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COMMONWEALTH OF PENNSYLVANIA  
BEFORE THE PENNSYLVANIA GAMING CONTROL BOARD

In re: Application of Philadelphia  
Entertainment and Development Partners,  
L.P.

Docket No. 1367

FILED

1787-2010

DEC 13 2010

Board Clerk PGCB

PETITION OF PHILADELPHIA ENTERTAINMENT AND DEVELOPMENT PARTNERS, L.P.,  
FOR AN EXTENSION OF TIME TO MAKE SLOT MACHINES AVAILABLE PURSUANT TO 4  
Pa. C.S. § 1210(a)

NOW COMES, Philadelphia Entertainment and Development Partners, L.P. ("PEDP"),  
by and through its attorney, F. Warren Jacoby, Esquire of Cozen O'Connor, by petition to the  
Pennsylvania Gaming Control Board (the "Board"), and states:

**I. Introduction**

1. On December 20, 2006, the Board approved the issuance to PEDP of a  
Category 2 slot machine license, License No. F-1367 (the "Slot Machine License"), pursuant  
to Section 1304 of the Pennsylvania Race Horse Development and Gaming Act, 4 Pa.C.S. §  
1101 et seq. (the "Act"). See 4 Pa.C.S. § 1304. The Slot Machine License authorized PEDP  
to develop, construct and operate a gaming facility with related amenities, as proposed by  
PEDP (the "Facility"), to be located at approximately 1499 S. Christopher Columbus Boulevard  
in Philadelphia (the "Property").

2. In connection with its Slot Machine License, PEDP's initial deadline to make  
available to the public a minimum of 1,500 slot machines at the Facility was May 29, 2009.

3. On May 23, 2009, PEDP filed with the Board a Petition to Extend Time to Make Slot Machines Available (the "Initial Extension Petition") pursuant to 4 Pa. C.S. § 1210(a) requesting an extension of two (2) years, or until May 29, 2011.

4. When PEDP filed the Initial Extension Petition, Section 1210(a) of the Act then provided that slot machine licensees "shall be required to operate and make available to play a minimum of 1,500 slot machines at any one licensed facility within one (1) year of the issuance by the Board of a slot machine license" unless the Board granted the licensee an extension not to exceed 24 months. 4 Pa. C.S. § 1210(a),

5. PEDP cited as the basis for its Initial Extension Petition, among other things, the numerous unforeseeable obstacles beyond its reasonable control that impeded PEDP's development of the Facility on the Property. Specifically, PEDP described the declining global economic climate and the City of Philadelphia's permit and approval delays which precluded PEDP from commencing construction within the proscribed time period.

6. On September 1, 2009, after considering all of the evidence presented by PEDP in support of its request, the Board granted PEDP a 24-month extension within which it was to make slot machines available for play. See In re: Philadelphia Entertainment and Development Partners, L.P., PGCB Docket No, 1367, Order dated September 1, 2009 (the "September 1, 2009 Order").

7. The Board's September 1, 2009 Order provided that PEDP must make a minimum of 1,500 slot machines available to the public at the Facility on or before May 29, 2011.

8. On January 7, 2010, the General Assembly of Pennsylvania passed Senate Bill 711 ("SB 711"), amending the Act. Among other things, SB 711 amended Section 1210 of the Act to provide the Board with the authority to extend the deadline by which a slot licensee must make available for play 1,500 slot machines to 36 months from the end of the initial one (1) year licensing period, or December 31, 2012. See 4 Pa.C.S. §1210(a).

9. Accordingly, by reason of and pursuant to the SB 711 amendments to the Act, the Board may, upon a showing of good cause, extend PEDP's deadline to make available for play 1,500 slot machines until December 31, 2012. See 4 Pa.C.S. §1210(a).

10. By this Petition, PEDP now seeks the Board's approval of a further extension of time within which PEDP must make available for play 1,500 slot machines at the Facility, to December 31, 2012, all in accordance with the grant of authority to the Board under 4 Pa.C.S. §1210(a), as amended.

11. PEDP submits that good cause exists for the Board to grant PEDP an extension of time, to December 31, 2012, to make available for play 1,500 slot machines at the Facility, for the following reasons.

(a) First, an extension of time until December 31, 2012 was not available when PEDP filed the Initial Extension Petition with the Board. However, SB 711, as an intervening change in law, provides for a further, more commercially viable extension period, consistent with a recognition of prevailing market difficulties over the past several years. PEDP's challenges during this period are well known to the Board, and PEDP will not reiterate all such concerns here. However, PEDP suggests that such

a change in law in effect recognizes the need

for further relief, and on its face supports a finding of good cause.

(b) Second, SB 711 also greatly changed the Pennsylvania gaming industry by permitting casinos to operate table games. This significant intervening change in law also constitutes good cause because it requires casino developers and operators to adjust their development and operating plans to provide for the significant differences, in all facets of development and operations, implied by the introduction of table gaming into the Pennsylvania market.

(c) Third, for all the reasons set forth in PEDP's Initial Extension Petition, good cause exists to support an additional extension of time for slot machines. Specifically, PEDP has faced extraordinary governmental delays impacting development of the Facility at the Property, obstruction of the project through years of litigation initiated by community groups and disappointed applicants, and the global economic downturn which has had a concomitant adverse effect on the credit markets, investment markets and gaming industry. Despite PEDP's long-running efforts to overcome these obstacles, such factors have not substantially resolved, and continue to cause unavoidable delays to PEDP's development of the Property and to PEDP's ability to meet the Board's deadlines.

(d) Fourth, in an effort to find a solution to the above obstacles, PEDP initiated and implemented a good faith plan to identify potential investors and financial sources (i) willing to invest in PEDP and its proposed Facility,

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and (ii) qualified to provide management and expertise required for the development and operation of the Facility. As the Board is well aware, PEDP made great strides toward agreement with a high-profile, potential investor and casino developer only to have the transaction crumble suddenly and unexpectedly. Significant time and effort were expended in putting such deal together, and in preparing the significant materials implied by such a deal. PEDP exerted these efforts diligently and in good faith, but ultimately, was left with nothing to show for the effort. Worse yet, this "distraction" caused further delay to PEDP's development of the Property and to PEDP's ability to meet the Board's deadlines.

(e) Fifth, PEDP persisted in its efforts to identify potential investors and financial sources. As a result, PEDP commenced negotiations with affiliates of Caesars Entertainment Operating Company (collectively "Caesars") for a change in control of PEDP and reached preliminary agreements regarding same on October 22, 2010. Such preliminary agreements were reduced to definitive documents on December 10, 2010. Pending the Board's approval, the definitive agreements with Caesars, as more fully described in the Joint Petition for a Change in Control filed with the Board concurrently with this Petition, will significantly advance PEDP's progress in developing its casino. The contemplated change in control of PEDP, if approved by the Board, will inevitably require additional time to implement the terms of PEDP's agreements with its new venture partners,

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beyond the current slot machine deadline of May 29, 2011. Importantly, however, this change in control and the concomitant infusion of additional equity and project debt demonstrates the substantial likelihood that PEDP's development of the Facility on the Property will reach completion in the near future. Hence, PEDP's agreements with Caesars represent good cause for an extension of time for slot machines pursuant to 4 Pa.C.S. §1210(a).

(f) Sixth, as more fully set forth in PEDP's Petition for Modification of Proposed Permanent Facility filed with the Board concurrently with this Petition, PEDP and Caesars intend to develop the Facility consistent with the highest aesthetic and management standards known in the gaming industry. While PEDP fully intends to commence construction of the Facility immediately upon the Board's approval of same, PEDP submits that under the circumstances it will be difficult, if not impossible, to comply with the current May 29, 2011 deadline to operate and make available for play 1,500 slot machines.

12. Therefore, PEDP respectfully submits that for all of the foregoing reasons, good cause exists to further extend PEDP's time within which to make slot machines available for play. The Board's approval of this Petition will result in sufficient time for PEDP to design and construct the Facility in a first-class manner, consistent with the Board's expectations.

WHEREFORE, the PEDP respectfully requests that the Board:

- a. Enter an order, pursuant to 4 Pa. C.S. § 1210, granting approval of PEDP's request to extend the time within which PEDP must make 1,500 slot machines available for play from May 29, 2011 until December 31, 2012; and
- b. Grant such other relief as it may deem appropriate.

Respectfully submitted,

COZEN O'CONNOR

BY: 

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Attorneys for Petitioner, PEDP

Dated: December 10, 2010

**CERTIFICATE OF SERVICE**

I certify that on December 10, 2010, a one (1) original of the foregoing petition was delivered to the following:

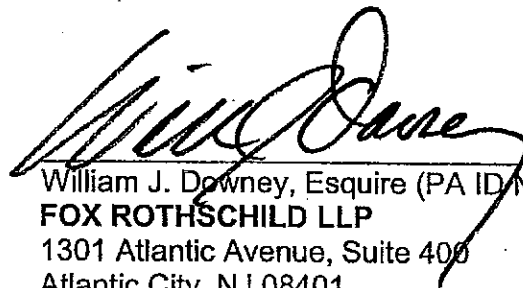
**Via Hand Delivery**

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Further, ten (10) copies of the petition were delivered to the following:

**Via Hand Delivery and E-Mail**

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