

200500036

INTERAGENCY AGREEMENT**BETWEEN****PENNSYLVANIA DEPARTMENT OF REVENUE****AND****PENNSYLVANIA GAMING CONTROL BOARD**

This Interagency Agreement (IA) is made this 22nd day of December, 2005, by and between the Department of Revenue (DOR), an executive agency of the Commonwealth of Pennsylvania, and the Pennsylvania Gaming Control Board (the Board), an independent administrative board of the Commonwealth of Pennsylvania, known collectively as the Parties, with the approval of the Governor's Office of the Budget.

RECITALS

WHEREAS, Sections 501 and 502 of the Administrative Code of 1929 (71 P.S. §§181 and 182) require Commonwealth departments and agencies to coordinate their work and activities with other Commonwealth departments and agencies; and

WHEREAS, Section 1323 of the Pennsylvania Race Horse Development and Gaming Act (the Act) grants DOR shared control of slot machines to be licensed under the Act; and

WHEREAS, Section 1202 of the Act grants the Board general jurisdiction over all gaming activities; and

WHEREAS, both DOR and the Board received appropriations from the general fund of the Commonwealth for activities to be performed prior to the date the Board and DOR would begin receiving sufficient revenues from gaming to sustain their activities without additional appropriated funds; and

WHEREAS, due to a number of circumstances, the timing of the receipt of revenues has been delayed and the Board has need of additional funds to continue its operations; and

WHEREAS, DOR has funds available from its appropriation for gaming activities that can be used to assist the Board in fulfilling the mission of the Act with respect to the implementation of gaming and has agreed to provide those funds to the Board upon the conditions set forth herein.

NOW THEREFORE, the parties to this agreement set forth the following terms and conditions of their understanding:

1. **Term.** The term of this IA will commence July 1, 2005, and shall continue until the Board has repaid all funds transferred to it by DOR.
2. DOR will transfer to the Board the sum of \$7,300,000.00 for expenses to be incurred by the Board in furtherance of its statutory obligations under the Act. The Board shall comply with the provisions of Section 1902(b) of the Act regarding the obligation to repay the appropriation of funds to DOR and will repay any sums not returned to DOR to the general fund in the manner and within the timeframe established by the Act.
3. Either party may terminate this IA upon 30 days notice to the other party; however, the Board's obligation to repay monies transferred under this Agreement survives any termination prior to the repayment of funds hereunder.
4. This IA is not intended to create, and does not create, any contractual rights or obligations with respect to the signatory parties or other entities.
5. DOR and the Board agree to submit disputes arising hereunder to the Office of General Counsel for final resolution.

6. In the event the Board receives additional or supplemental appropriations sufficient to allow it to continue its activities until gaming revenues commence, the Board shall return to DOR the sum provided or such amounts thereof as are available to DOR upon request.

IN WITNESS WHEREOF, the Parties have caused these presents to be signed and attested by their proper officials, pursuant to due and legal action authorizing the same to be done, the day and year first written above.

[Signature] 12/21/05
Gregory C. Fajt, or designee Date

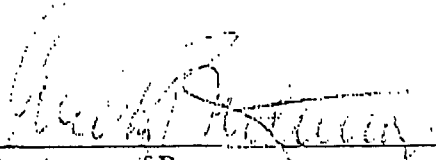
Secretary or designee
Department of Revenue

[Signature] designee to 12/21/05
[Signature]
Thomas A. Decker or designee Date

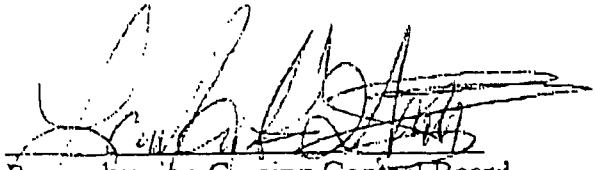
Chairman or designee
Pennsylvania Gaming Board

[Signature] 12/21/05
Michael Masch Date
Secretary of Budget

Approved as to Form and Legality:



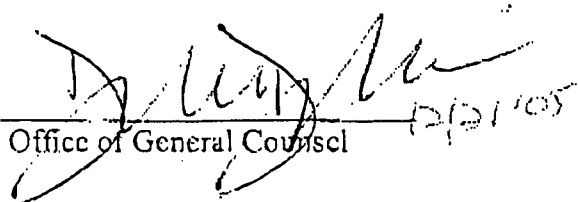
Department of Revenue
Chief Counsel



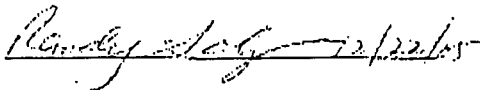
Pennsylvania Gaming Control Board
Deputy Chief Counsel



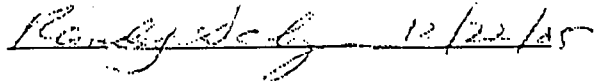
Office of the Budget
Chief Counsel



Office of General Counsel



Comptroller



Comptroller