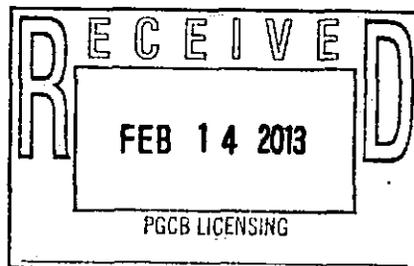


PHL Local Gaming, LLC

Application Amended

“Revised Diversity Plan”



## PHL Local Gaming, LLC Diversity Plan

### Diversity Policy

PHL Local Gaming, LLC's (PHL) Diversity Plan has been developed to ensure that its proposed casino reflects, in its governance structure, management, employee ranks and suppliers, the composition of its surrounding community.

PHL understands the significant potential for positive economic and social impact inherent in a successfully operated gaming entity. Secondly, the Company wants to ensure, to the greatest extent reasonably possible, that its human resources, and procurement activities, are inclusive as relates to race, ethnicity, gender, disability, veteran status, sexual orientation, lifestyle, age, or religion.

The Company's Diversity Interaction and goals are outlined as follows:

**Equity/Ownership** – PHL Local Gaming, from its inception, has been committed to meaningful, substantive levels of diversity within its ownership structure.

In that regard, the Company announced in January 2013 that Walter Lomax, M.D., an African-American physician and businessman, has committed to acquire equity in PHL, which, at the time, constituted 9% of total outstanding equity.

**Governance/Board Composition** – PHL Local Gaming, from its inception, has committed to meaningful and substantive levels of diversity within its Board of Managers.

To that extent, the Company, in its announcement of its initial group of directors, included Bennett Lomax, prominent African-American lawyer, and CEO of a private investment firm, as a board member. The Company is also committed to the addition of at least one female board member, in future announcements related to board composition.

### Workforce

PHL Local Gaming, LLC's commitment to workforce diversity is broadly quantified as follows:

- The casino workforce will be comprised 35 percent of minorities, 50 percent of females
- The construction workforce will be comprised 35 percent of minorities, 7 percent of females
- PHL is also committed to the engagement of apprentices as part of its construction workforce. The diversity in its apprentice workforce will be 50 percent minority, 7 percent female

### Supplier Diversity

- In the area of construction, PHL has committed to a target which includes 32 percent of contract revenues being allocated, through a competitive bid process, to minority vendors and suppliers, and 15 percent being allocated to female vendors and suppliers.
- In the area of procurement of goods and services at its permanent casino operation, PHL has committed to a target which includes 35 percent of its contract revenue being allocated, through a competitive bid process, to minority vendors and suppliers, and 15 percent being allocated to female vendors and suppliers.

## **Youth Training**

To ensure the achievement of its apprentice diversity goals, PHL has provided a youth training mandate to its construction manager.

## **Local Inclusion**

Fundamental to PHL's mission is its commitment to emphasize local employees in its construction plan and operations, and to give preferences to local vendors who bid on PHL contracts.

## **Workforce**

PHL is committed to utilizing the employment model that its principal owner, Joseph G. Procacci, has utilized at his company, Procacci Brothers Sales Corp., over the past 65 years.

That policy has resulted in the company having a current workforce that is 75% comprised of Philadelphia residents and 35% comprised of residents of its neighboring South Philadelphia communities.

PHL Local Gaming's human resources management plans will be designed to produce the same favorable employment outcomes for its proposed casino.

## **Construction/ Procurement**

To facilitate the achievement of meaningful local inclusion in contracts let by PHL, during construction and into permanent operations, the company has committed to providing additional points in its bid evaluation processes to all firms located in Philadelphia, and to those in the four surrounding, southeast Pennsylvania counties, as follows:

- Philadelphia-based firms bid preference – 7%
- Southeast Pennsylvania-based firms bid preference – 5%

## **Digital RFQ process**

Even prior to the conclusion of the Commonwealth's final selection process, PHL is committed to implementing a digitally enhanced RFQ process to develop a comprehensive list of local, minority, female and other diverse firms that may be interested in, or qualified to bid on its contracts.

## **Banking Relationship/ Minority Bank**

PHL has committed to a meaningful, supportive and cooperative relationship with United Bank of Philadelphia, an African-American-controlled bank. Many of the activities with that bank will be initiated with PHL Local Gaming, even prior to the conclusion of the Commonwealth's bid process.

## **W/B /DBE Inclusion on Bid Processes**

PHL departments that have delegated purchasing authority will be strongly encouraged (required, when possible) to solicit bids from at least one W/M/DBE in every bid process.

## **Unbundling**

PHL will identify and carve out pieces of larger contracts that smaller W/M/DBE suppliers can handle, as direct bidders.

## **Procurement Partnerships**

PHL will partner large national suppliers with smaller, local and regional suppliers

### **I. Diversity Plan Procedures**

PHL Local Gaming LLC's ("PHL") Diversity Plan is intended to facilitate equal employment opportunities throughout its workforce and insure equal opportunities in its purchasing and contracting efforts.

- PHL is committed to recruiting, employing, training and advancing people without regard to race, color, national origin, ancestry, sex, sexual orientation, sexual identity and expression, marital status, family status, lifestyle, age, culture, religion, military and veteran status, citizenship, or disability.
- PHL is committed to offering opportunities to vendors, suppliers, contractors and other service providers from throughout the City of Philadelphia and into the surrounding four Southeastern Pennsylvania counties to enhance the participation of all groups in the success of our facility and to insure opportunities for the inclusion of minority- and women-owned businesses.
- PHL will require that its contractors and vendors practice equal opportunity policies when they deal with others who provide goods or services to us.

### **II. EQUAL EMPLOYMENT OPPORTUNITY**

#### *Policy*

PHL recognizes that equal treatment of employees on the basis of merit will consistently maintain PHL's effectiveness in operating its gaming business while further enhancing the economic progress and professional growth of its employees.

PHL's senior management and employees will comply with both the intent and spirit of federal and state legislation, as well as Pennsylvania Gaming Control Board ("Gaming Board") regulations, in providing affirmative action and equal employment opportunity without regard to race, color, sex, national origin, creed, age, ancestry, marital status, nationality, liability for service in the U.S. Armed Forces, disability, perceived disability or status as rehabilitated offenders, except when age or sex are bona fide occupational qualifications or when reasonable accommodation for mental or physical disabilities cannot be made due to an undue hardship on the operation of its business or if the disability presents a real and imminent danger to the safety of the individual or others in the workplace.

PHL's management will take reasonable, positive steps to comply with this policy while fulfilling its mission statement which is to provide fun, excitement and entertainment for its customers, to reach its goal to maximize profitability, and to accomplish this by relying on a staff of dedicated, satisfied customer-oriented employees to both attract new customers and serve a broad base of repeat customers.

### *Procedures*

To make certain that employees, prospective employees and others are aware that PHL is an Equal Opportunity Employer, the following steps will be taken:

#### *Internal Dissemination*

1. PHL's EEO policy will be indicated in its Employee Handbook. The Handbook will be distributed to all employees, each of whom will be required to sign a statement that he or she has read and understands the policies set forth therein.
2. Information concerning the EEO program will be included in new employee orientation training which will be mandatory for all newly hired employees.
3. Affirmative action efforts will be discussed on a periodic basis at executive staff meetings.
4. Supervisory personnel will acquaint their non-supervisory employees with the EEO policy and their individual responsibilities for implementing it.
5. Employment applications will state that PHL is an Equal Opportunity Employer and has an affirmative action program.
6. Job postings will state that PHL is an Equal Opportunity Employer.
7. EEO signage will be posted in the Human Resources office and in other back of the house areas.

#### *External Dissemination*

1. PHL will notify employment agencies and other recruitment sources of PHL's policies for equal employment opportunity and affirmative action and advise them that referrals should include both minority and female candidates.
2. All employment advertisements placed in newspapers or advertising mediums will make reference to PHL as an Equal Opportunity Employer.
3. PHL will notify contractors, subcontractors, vendors and suppliers of PHL's policies for equal employment opportunity and affirmative action and will incorporate an equal opportunity clause in all contracts, leases and purchase orders.

4. PHL will notify local minority and women's organizations, community-based organizations, secondary schools and colleges of PHL's policies through various means, including but not limited to attending functions and meetings, drafting and sending letters, and making telephone contacts.

### III. DIVERSITY PLAN IMPLEMENTATION

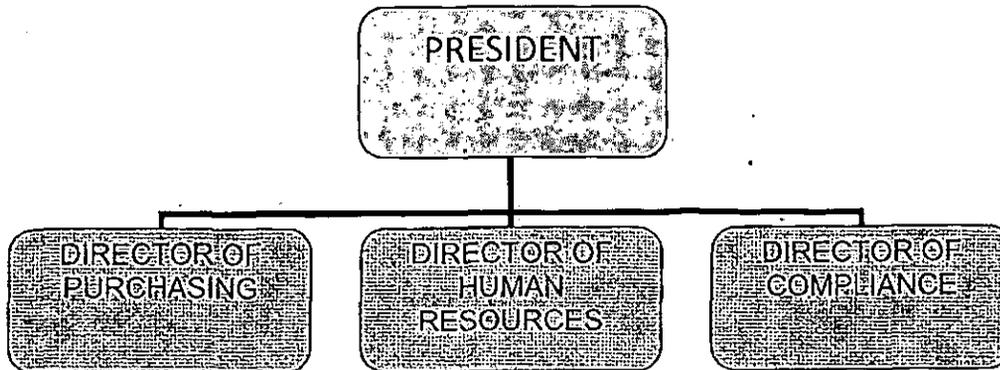
In order to foster successful inclusion programs for employees and vendors, it is critical to have support from the top down. Accordingly, PHL will establish a Diversity Committee to insure compliance and effectiveness in advancing the Company's diversity initiatives. The Committee will act as a facilitator of change to set agendas, and to internally and externally market the Company's goals and objectives.

#### Diversity Committee

The Diversity Committee sets the diversity vision and objectives for PHL. The Committee will meet quarterly, at a minimum, to monitor current initiatives as well as set the direction of future programs. The Committee's duties will include:

- Developing policy statements and diversity programs to effectuate the Diversity Plan.
- Crafting and executing internal and external communication.
- Designing a reporting program that will:
  - Measure the effectiveness of the Diversity Plan against established metrics;
  - Identify areas with opportunities for improvement;
  - Determine the degree to which objectives have been attained;
  - Provide all required statistical reports and documentation to the Gaming Board as required.
  - Assist the purchasing department in fulfilling the goal of creating participation opportunities for diverse groups in the supply of goods and services to the facility.
  - Aid the purchasing department in the development of a diverse vendor and supplier data base in order to better ensure participation by minority, women, and disadvantaged business entities.

The following table shows a sample organization chart\* comprising the Diversity Committee.



PHL's diversity initiatives will fall into three distinct areas, briefly summarized here and more fully described below.

- **Human Resources:** provides opportunity to all minority employees and applicants. Provides training and education programs to promote and develop current and prospective employees. The goal is to have a representative workforce which mirrors the demographics in and around the communities in which PHL is located.
- **Procurement:** provides opportunities to Women, Minority and Disadvantaged Business Enterprises ("W/M/DBE") firms.
- **Construction:** provides opportunity to minority and women owned contractors and facilitates collaboration between large contractors and subcontractors.

PHL will insure a system is in place that provides for accountability.

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\*This is a proposed organization chart. If licensed, PHL will work with the Gaming Board staff to insure compliance with all regulations.

## A. Human Resources

### *Overview*

PHL is committed to insuring a diverse workforce through recruiting and training efforts. PHL also understands that diversity is about far more than just race and gender. Diversity includes factors such as personality, family and parental status, educational background, religious beliefs and work experience. Thus, having a truly diverse work environment benefits all employees by nurturing more effective teams, reducing conflict on the job and creating a greater understanding of its customers.

### *Recruitment*

- A list of job openings will be distributed on a regular basis to recruitment sources with the ability to reach disadvantaged persons, community action agencies and minority sources.
- A list of job openings will be distributed on a regular basis to local educational facilities, including colleges, universities, community colleges, trade schools and other organizations that are involved in higher education.
- PHL will also have an informational employment section on its website and list available job openings, and, when possible, links to community action agencies with which PHL has partnered.
- Available positions at PHL will be posted on its website with a brief description and minimum requirements, giving all qualified internal employees and qualified external applicants an opportunity to apply.
- When advertising for employment opportunities, PHL will advertise using typical advertising mediums, including advertising in minority publications in local and surrounding communities, and other publications designed to reach a diverse pool of applicants.
- Human Resources will take appropriate measures to identify and coordinate recruitment efforts with employment sources serving disadvantaged and minority persons.

PHL's employment advertising will target the local areas of diversity to include but not be limited to the following

- State, county and local employment agencies
- Local minority Chambers of Commerce
- Local Universities, Colleges, Community Colleges and Trade Schools
- Local community centers

### Employment Center and Job Fairs

PHL will have an employment center located near the facility. In addition, our employment staff will conduct job fairs in the local community.

### Training & Development

PHL's commitment to its employees does not stop at the recruitment phase. Once hiring begins, which is expected to occur between 3-4 weeks prior to opening, each employee will be trained to include the following:

- Orientation to the Company and Property
- Specific on-the-job training
- Diversity Awareness Training
- Compulsive and Problem Gaming Awareness

The Diversity Committee will work with the Director of Human Resources and will provide general guidance to the property regarding the specific focus for the property and the related Diversity Plan which will include:

- A periodic review of the employment process to examine where employment opportunities are being advertised and whether Human Resources is reaching out to all diverse backgrounds.
- A look at the diversity in the management ranks and benchmark where it is today and look ahead to tomorrow. Ideally, our management diversity would mirror the surrounding markets served by our business. The Diversity Committee will look at new recruiting resources when positions become open.
- Increased level of participation in diversity memberships at the local level. A representative will be assigned to take part in the luncheons and networking events (i.e., Chamber of Commerce) and document their attendance at these events.
- Establishing a Diversity Bulletin Board to be displayed in back-of-house corridors to be changed periodically with the above information, including the Diversity Plan, and contain communications on diversity programs. Other items to include on the Bulletin Board are:
  - Corporate memos that address all employees
  - Property Diversity Initiatives

PHL is committed to providing a workplace in which its employees feel comfortable and believe that they are given the opportunity for advancement. This translates to a fun and comfortable atmosphere for its customers. PHL can accomplish this by having a well trained and attentive employee base that is representative of the local communities and markets services by its business. It prides itself on the training and development of each individual team member. By emphasizing the career development of each team member, PHL ensures the retention of its most important asset ... its employees!

### Complaint Resolution

PHL will encourage fair treatment of all employees and discourage the harassment, intimidation or coercion of any employee. The process to resolve discrimination and harassment complaints will be as follows:

- If an individual feels that he or she has been a victim of harassment or discrimination in any form by a manager, supervisor, co-worker, customer, client or any other person in connection with his or her employment, the employee should notify his or her supervisor, and an assigned member of the Human Resources Department, of the alleged incident or problem immediately. If the complaint involves the team member's direct supervisor or someone in the team member's direct line of supervision, he or she should contact the assigned member of the Human Resources Department. If an employee is uncomfortable with discussing this matter with the designated manager and/or supervisor or is not satisfied with the action taken by the designated manager and/or supervisor, he or she may select to bypass these individuals and notify the Human Resource Department immediately.
- Supervisors and managers should take each complaint of harassment/discrimination seriously and should not make judgments or render opinions as to the validity of the complaint. Each complaint brought to the attention of a supervisor/manager must be reported to the Human Resources Department by that supervisor/manager immediately.
- All allegations will be investigated by the Human Resources Department in a timely and confidential manner. They will take appropriate corrective action when warranted. Any team member who is found, as a result of an investigation, to have engaged in harassment or discrimination is in violation of this policy and will be subject to appropriate disciplinary action, up to and including termination of employment. Retaliation in any form against any team member who exercises his or her rights to make a complaint is strictly prohibited and will itself be cause for appropriate disciplinary action up to and including termination of employment.

## B. Procurement

### Procurement Diversity Fundamentals

- Departments that have delegated purchasing authority (i.e., Marketing, Facilities) will be strongly encouraged (required when possible) to solicit bids from at least one W/M/DBE in every bid process.
- PHL will identify and carve out pieces of large business that smaller W/M/DBE suppliers can handle. The Diversity Committee will coordinate with PHL Procurement and work with suppliers to determine opportunities. PHL will also document and market these successes.
- Many smaller suppliers typically provide services/products that are not specific to the general purchasing functions. All departments will be accountable to the General Manager to make their best efforts to include W/M/DBEs in their bid process.
- PHL will participate in local diversity organizations.
- We will identify staffing resources which will have responsibility for identification and development of W/M/DBE supplier base.
- Establish mentoring and facilitation programs.
- Increase public awareness by communicating procurement opportunities.
- Partner large national suppliers with local and regional suppliers.

### Procurement Initiatives

- Community Outreach – Establish participation and representation in national and local supplier diversity councils.
  - Identify qualified local and regional suppliers by collaborating with state and local organizations and councils.
- Procurement Resources
  - Leverage corporate and current operations staffing resources to implement the Diversity Plan.
  - Internal training and development for diversity programs.

- Quarterly measurement and reporting programs.

### Community Outreach

PHL Local Gaming embraces diversity management as a critically important process for ensuring that there is opportunity for broad participation in its casino's economic benefits throughout the entirety of the Philadelphia-area community.

Our commitment to the community has its roots in the desire to reach out and partner with the appropriate local, state, national business/community groups and the regulatory agencies to support our mutual diversity initiatives.

PHL will collaborate and utilize the resources of existing state agencies of the Commonwealth such as the Pennsylvania Bureau of Minority and Women Business Opportunities ("BMWBO") and the Department of General Services for the purpose of supplier certification verification, small business development and new opportunities.

### **C. Construction**

#### Overview

PHL will promote diversity by actively soliciting diverse participation in the bidding and negotiating process, both for contractors and subcontractors, and by fairly and objectively seeking to engage the most qualified contractors, subcontractors, vendors, suppliers and consultants when engaging in construction projects, including new construction, expansion projects and renovation efforts.

#### Community Outreach

To ensure the broadest base of community, minority and women involvement in the construction process in Pennsylvania, PHL will work closely with a number of local economic development organizations to assist in identifying qualified contractors, to include local, ethnic chambers, the Minority Supplier Diversity Council, the Office of Economic Opportunity, and the Women's Business Development Center, among others.

If a qualified W/M/DBE does not meet required bonding requirements, yet is otherwise capable, PHL will encourage partnership with larger qualified businesses to enhance visibility and facilitate growth of the smaller business.

To assure the widest variety of qualified Pennsylvania participants, PHL will create public awareness of the construction opportunities afforded by this project by publicity notices and advertisements. Advertising will be directed to and placed in a variety of outlets, including ethnic-specific media outlets focused in print, television and radio. PHL will also reach out to trade associations.

PHL has discussed several aspects of the Diversity Plan through community outreach and the use of technology. A critical component of this Diversity Plan is supplier

qualification. One of the biggest challenges the smaller suppliers face is that they do not fully understand PHL's business and its associated needs. PHL is very proactive in this area and reaches out to suppliers to explain our business, culture and plans.

Contractor Performance Standards

PHL encourages the following high performance standards for its contractors and subcontractors:

- Contractors must be licensed in Pennsylvania in order to encourage growth and positive economic impact on state and local economies.
- Designated contractors will be required to employ licensed Pennsylvania subcontractors and both will be required to obtain bids from minority and women based businesses where feasible.
- Require participation by the general contractor in a building and construction trades apprentice programs
  - The stated goal of PHL's construction department is to develop a pool of qualified local residents who are able to meet the admission requirements and demands of trade union apprenticeships programs
- Must be a viable business with the appropriate business and contractor licenses
- Possess reliable and timely distribution

- Must have Internet capabilities
- Be financially stable
- Offer competitive pricing
- Have product or service expertise
- If they are a W/M/DBE, they must be certified as such.

During the bidding and procurement phase, PHL will competitively bid or negotiate every project and seek to include qualified local W/M/DBEs in the process where it is feasible. Contractor and construction management contracts will be sought with companies that have the appropriate experience commensurate with the size, scope and complexity of the project.

Reporting is a key tool that enables us to accurately measure the success of PHL's diversity efforts. Contractors will be required to include minority and women owned businesses in the subcontractor bidding and negotiation process whenever available and maintain accurate records detailing the reasons that any W/M/DBE could not be utilized.

#### **D. Reporting**

Measurement programs are critical to the success of any diversity program. PHL has outlined many different aspects of its Diversity Plan, but they would be meaningless if it did not have effective, real time tools to measure its effectiveness.

PHL will have quarterly reporting requirements to gauge its effectiveness. PHL will track the following:

1. Employment data (i.e., job classifications, salary information, recruitment and training);
2. The total number and value of all contracts or transactions awarded for goods and services;
3. The total number and value of all contracts awarded to minority and women's business enterprises;
4. A list of each contract or transaction awarded to minority and women's business enterprises and the actual value of each contract or transaction;
5. The total number and value of all contracts awarded that contain a participation plan;

6. The total number and value of all subcontracts awarded to minority and women's business enterprises under contracts containing a participation plan;
7. A list of each subcontract awarded to minority or women's business enterprises under contracts containing a participation plan and the actual value of each subcontract;
8. A comprehensive description of all efforts made by the regulated entity to monitor and enforce the participation plan;
9. Information on minority and women investment, equity ownership and other ownership or management opportunities initiated or promoted by the regulated entity; and
10. Other information requested in writing by the Gaming Board to ensure compliance with the Act.

#### **E. Conclusion**

In order for this Diversity Plan to be fully effective, PHL needs to work closely with the Gaming Board, other governmental agencies, as well as other advocacy groups. Collaboration and partnership (getting all respective parties to take personal ownership and pride) is truly the key to success. PHL encourages an open dialog with all respective parties as it moves forward on this exciting opportunity.

PHL is continually exploring new ideas and concepts as a responsible business in the gaming industry. The Diversity Plan is not a static document and as it evolves, as relates to our programs and practices, PHL is committed to incorporating appropriate enhancements in its proposed operations in the Commonwealth.