

PRESQUE ISLE DOWNS, INC.

**TABLE GAMES PETITION
HEARING BEFORE THE
PENNSYLVANIA GAMING
CONTROL BOARD**

April 29, 2010

PRESQUE ISLE DOWNS,
INC. CATEGORY 1 SLOT
MACHINE LICENSE IS IN
GOOD STANDING WITH
THE BOARD

Presque Isle Downs, Inc.

- ▣ Conditional Category 1 Slot Machine License
Approved October 25, 2006
- ▣ Presque Isle Downs Opened to the Public
February 28, 2007
- ▣ Permanent Category 1 Slot Machine License
Approved February 27, 2008
- ▣ License Renewal Application Submitted to
the Board for Category 1 Slot Machine
License Renewal December 29, 2008

Presque Isle Downs, Inc.

- ▣ Pursuant to 4 Pa.C.S. § 1326, "[a] permit or license for which a completed renewal application and fee, if required, has been received by the board will continue in effect unless and until the board sends written notification to the holder of the permit or license that the board has denied the renewal of such permit or license."

Presque Isle Downs, Inc.

- ▣ 58 Pa. Code § 441 a.16(c) provides that “[a] slot machine license for which a completed renewal application has been received by the Board will continue in effect until the Board sends written notification to the holder of the slot machine license that the Board has approved or denied the slot machine license renewal application.”

Presque Isle Downs, Inc.

- ▣ As confirmed in OEC's Answer, PIDI's Category 1 Slot Operations License is in good standing with the Board and is currently pending renewal. See, OEC Amended Answer at ¶ 16.

Presque Isle Downs, Inc.

PIDI HAS EXECUTED THE
WAIVER REQUIRED UNDER
SECTION 1312A(B)(11) AND
PROVIDED INFORMATION
REQUIRED BY SECTION
1312A(B)

PRESQUE ISLE DOWNS, INC.

**THE CONDUCT OF TABLE
GAMES AT PIDI WILL HAVE
A POSITIVE ECONOMIC
IMPACT ON THE
COMMONWEALTH, ITS
MUNICIPALITIES AND ITS
RESIDENTS**

Economic Impact

- ▣ Total Local Investment \$233 Million Prior to Current Construction:
 - Land = \$64 Million
 - Building = \$103 Million
 - Furniture & Equipment = \$66 Million

Economic Impact

- ▣ **Historic Economic Impact**
 - **Gaming taxes and fees** **\$304.6 Million**
 - ▣ \$171.5 M - State gaming tax
 - ▣ \$ 39.1 M - Local Share Assessment
 - ▣ \$ 60.5 M - Race Horse Development Fund
 - ▣ \$ 25.2 M - Economic Development & Tourism
 - ▣ \$ 8.3 M - Administrative fees

 - **Real Estate, Payroll, etc.** **\$7.6 Million**
 - **Sales and Use Tax** **\$1.5 Million**

(Historic period - Feb 2007 - Mar 15, 2010)

Economic Impact

<u>County</u>	<u>State</u>	<u>12 Month Spend</u>
Erie	Pennsylvania	\$8,277,195.83
Allegheny	Pennsylvania	\$2,056,305.30
Dauphin	Pennsylvania	\$931,169.73
Butler	Pennsylvania	\$877,514.16
Cumberland	Pennsylvania	\$215,681.32
Venango	Pennsylvania	\$209,893.15
Delaware	Pennsylvania	\$200,212.36
Crawford	Pennsylvania	\$97,789.25
Lawrence	Pennsylvania	\$79,738.02
Washington	Pennsylvania	\$68,760.27
Montgomery	Pennsylvania	\$63,782.49
Philadelphia	Pennsylvania	\$50,029.54
Westmoreland	Pennsylvania	\$31,231.43
Bucks	Pennsylvania	\$29,358.78
Jefferson	Pennsylvania	\$19,693.64
Chester	Pennsylvania	\$14,064.25
Mercer	Pennsylvania	\$10,400.00
Lancaster	Pennsylvania	\$3,477.60
Luzerne	Pennsylvania	\$2,288.60
Blair	Pennsylvania	\$1,619.47
Lehigh	Pennsylvania	\$684.46
Centre	Pennsylvania	\$390.00

Economic Impact

- ▣ PIDI currently employs 645 employees. During the live race meet PIDI adds 125 seasonal employees.

Economic Impact

- ▣ Table Games are projected to generate \$19.2 Million in revenue for 2010, if opened on or about July 1, 2010.
- ▣ Table games are expected to generate \$38.5 Million in revenue during the first full year, 2011.
- ▣ With a tax rate of 16%, the Commonwealth would receive approximately \$6.2 Million in gaming taxes and fees during the first full year, 2011.

Economic Impact

▣ Table Games Economic Impact

- **Licensing Fee** **\$16.5 Million**
- **Estimated Annual Table Games Taxes** **\$ 6.2 Million**
- **Additional Annual Wages** **\$ 9.0 Million**
- **Construction/FF&E** **\$ 8.5 Million**
(Estimated cost)
 - **30,000 man hours of construction labor**
- **Payroll Taxes (annual)** **\$.4 Million**

Economic Impact

- ▣ Other economic benefits from table games:
- ▣ \$8.5 million invested in additional construction in Erie
- ▣ Additional construction jobs created in the Erie area

Economic Impact

- ▣ Table games will result in approximately 500 new jobs at Presque Isle Downs.
- ▣ The first Dealer Training School class contained 432 candidates, 49% of which were unemployed.
- ▣ Demographic by county of candidates:
 - 88% Erie County
 - 12% Other
- ▣ 98% of candidates are PA residents.

Presque Isle Downs, Inc.

**PRESQUE ISLE DOWNS
POSSESSES ADEQUATE
FUNDS AND HAS SECURED
ADEQUATE FINANCING TO
FUND ITS PROPOSED TABLE
GAMES EXPANSION**

Source of Funding for Table Games at Presque Isle Downs

Total Funds as of 4/21/2010	\$49.0
Less In-House Funds	<u>15.0</u>
	\$34.0
Available Line of Credit	<u>10.0</u>
Total Funds Available	\$44.0
PA Table License Fee Held in Reserve	<u>16.5</u>
Net Funds Available as of 4/21/2010 after In-House Funds and PA License in Reserve	<u>\$27.5</u>

Financial Stability, Integrity and Responsibility

- ▣ MTR Gaming is a public company subject to Sarbanes-Oxley requirements;
- ▣ The Company maintains records in accordance with GAAP;
- ▣ The Company has issued its annual financial statements for 2009 and has received an unqualified opinion;
- ▣ The Company maintains systems of internal control procedures to monitor compliance with regulatory requirements and comply with preparation of financial statements in accordance with SEC requirements.

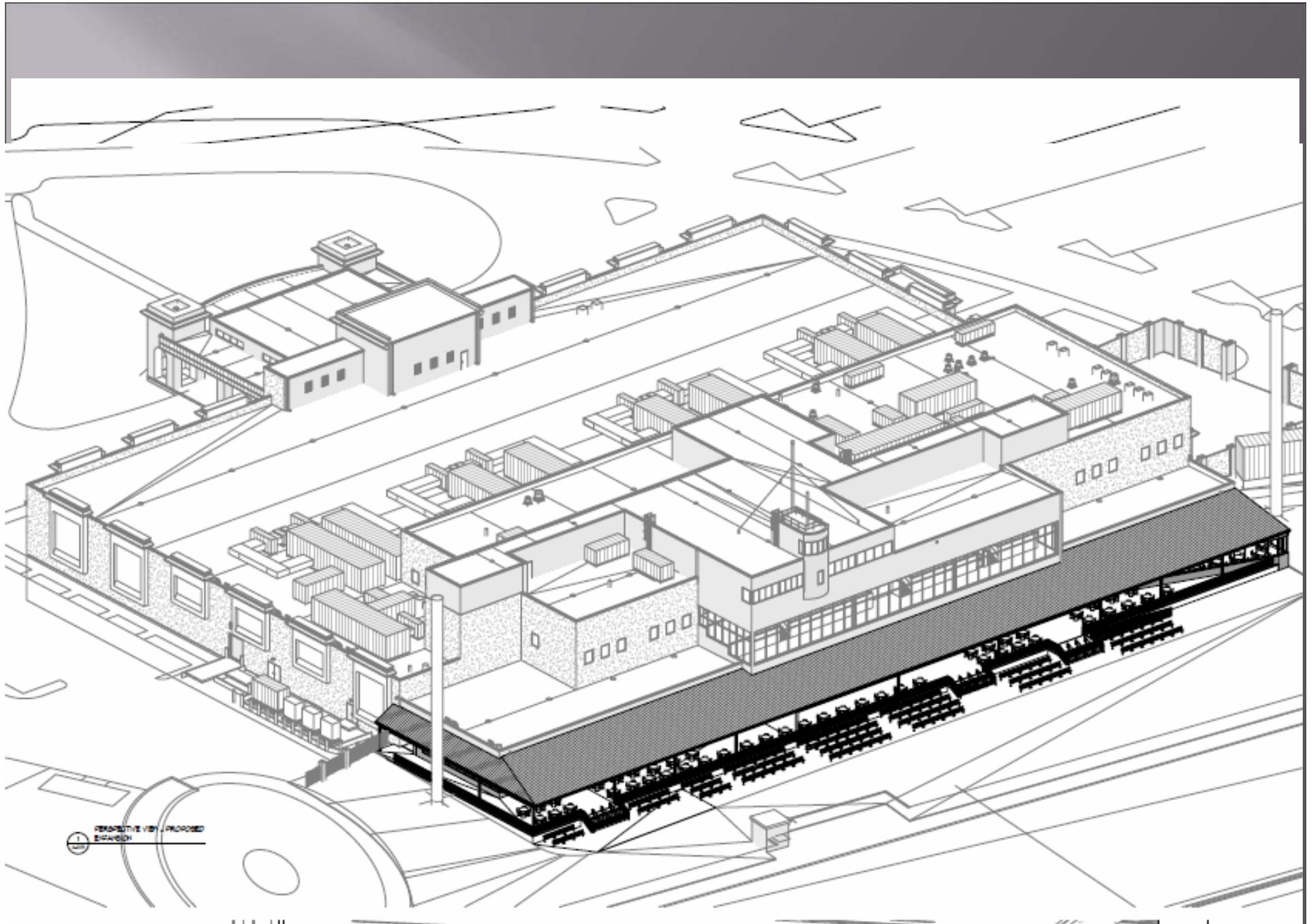
**INTERNAL AND EXTERNAL
SECURITY
AND SURVEILLANCE**

New Construction to accommodate tables and expand gaming floor

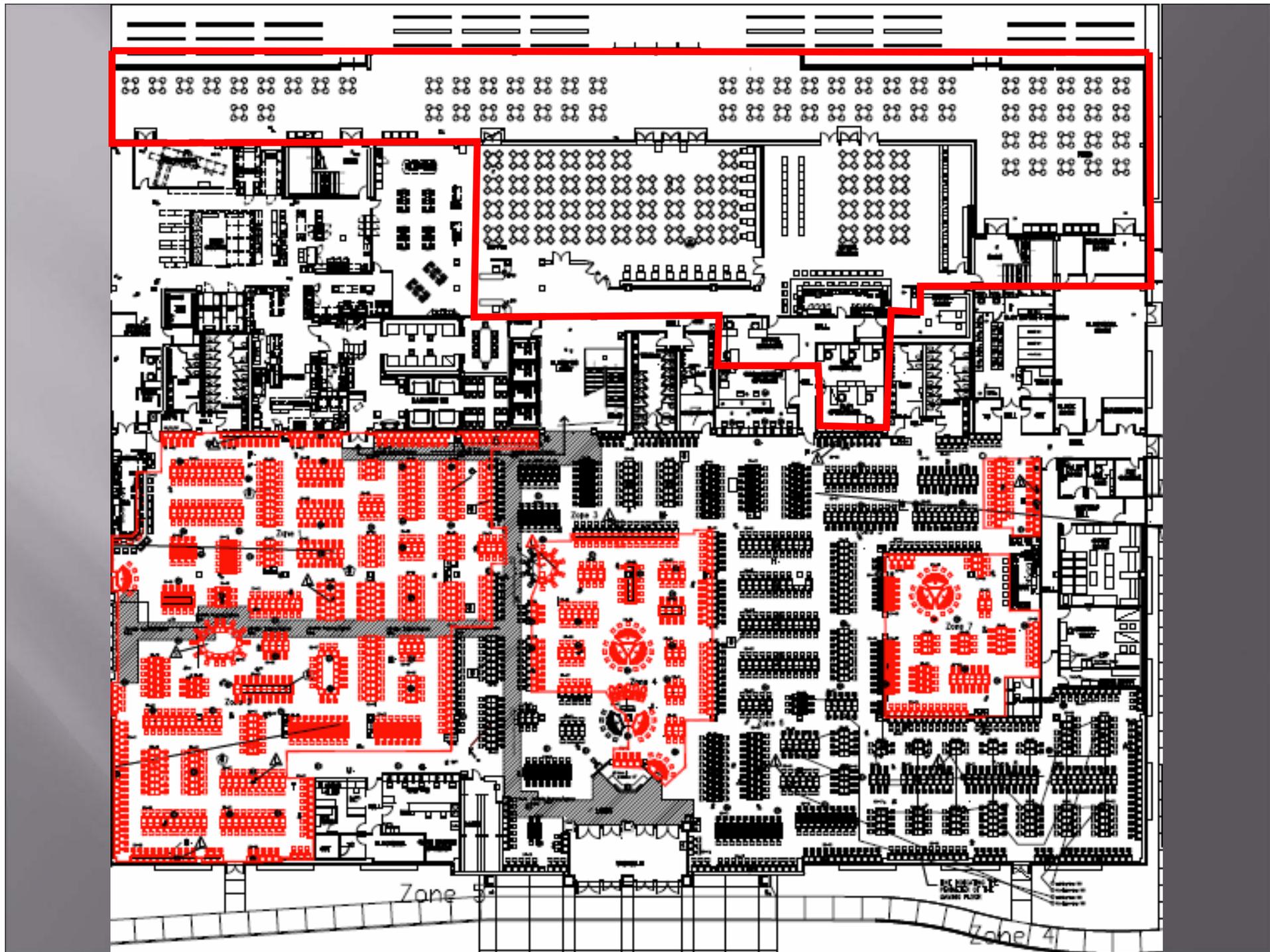
- ▣ On March 25, 2010, Presque Isle Downs filed petitions with the PA State Horse Racing Commission and the PGCB for approval of its proposed construction.
- ▣ On March 29, 2010, Presque Isle Downs received approval of its construction plans from the PA State Horse Racing Commission.

OVERVIEW OF GAMING FLOOR EXPANSION FOR TABLE GAMES

Construction Project



PERSPECTIVE VIEW, PROPOSED
BUILDING



Construction Phasing Plan

Opens 06/07/2010

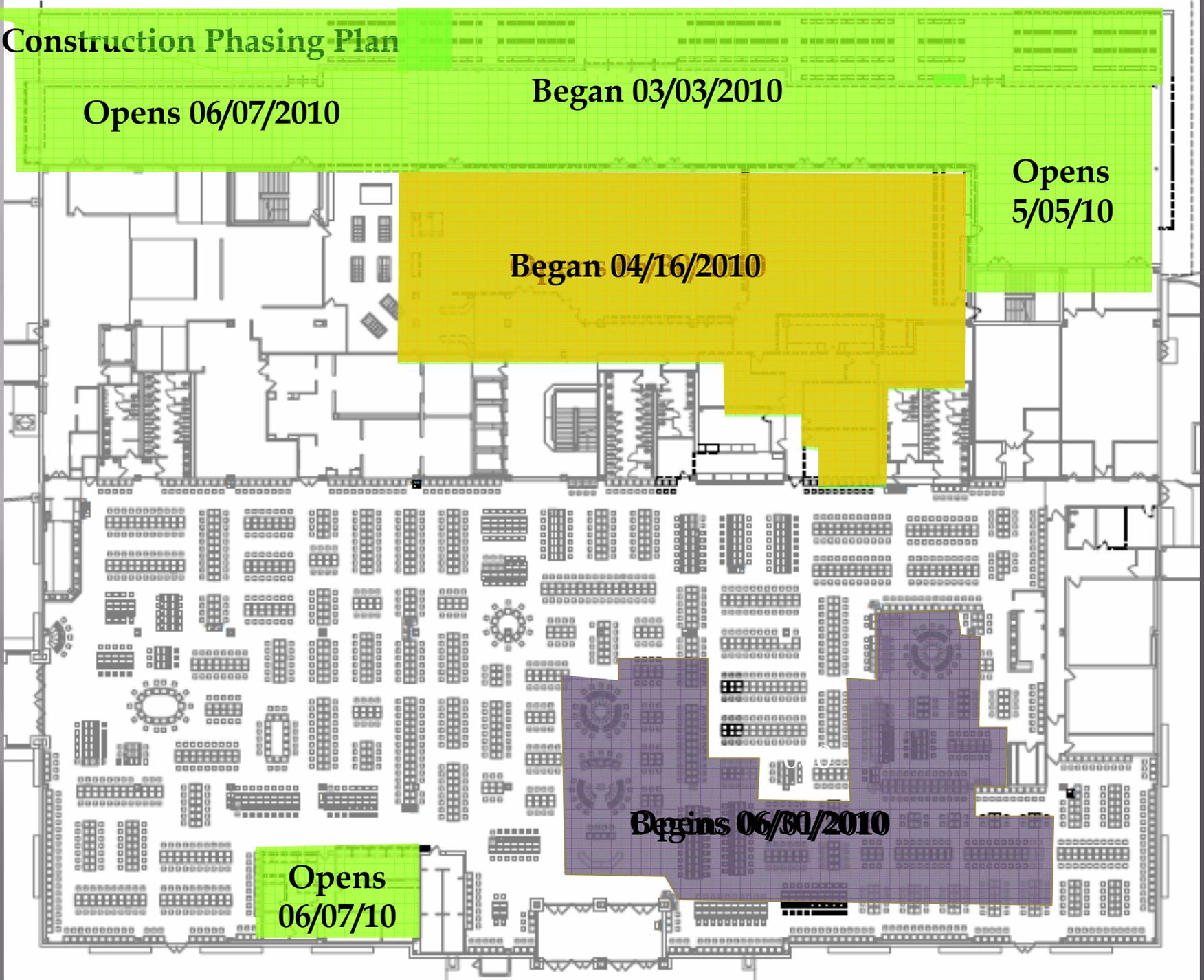
Began 03/03/2010

Opens
5/05/10

Began 04/16/2010

Begins 06/30/2010

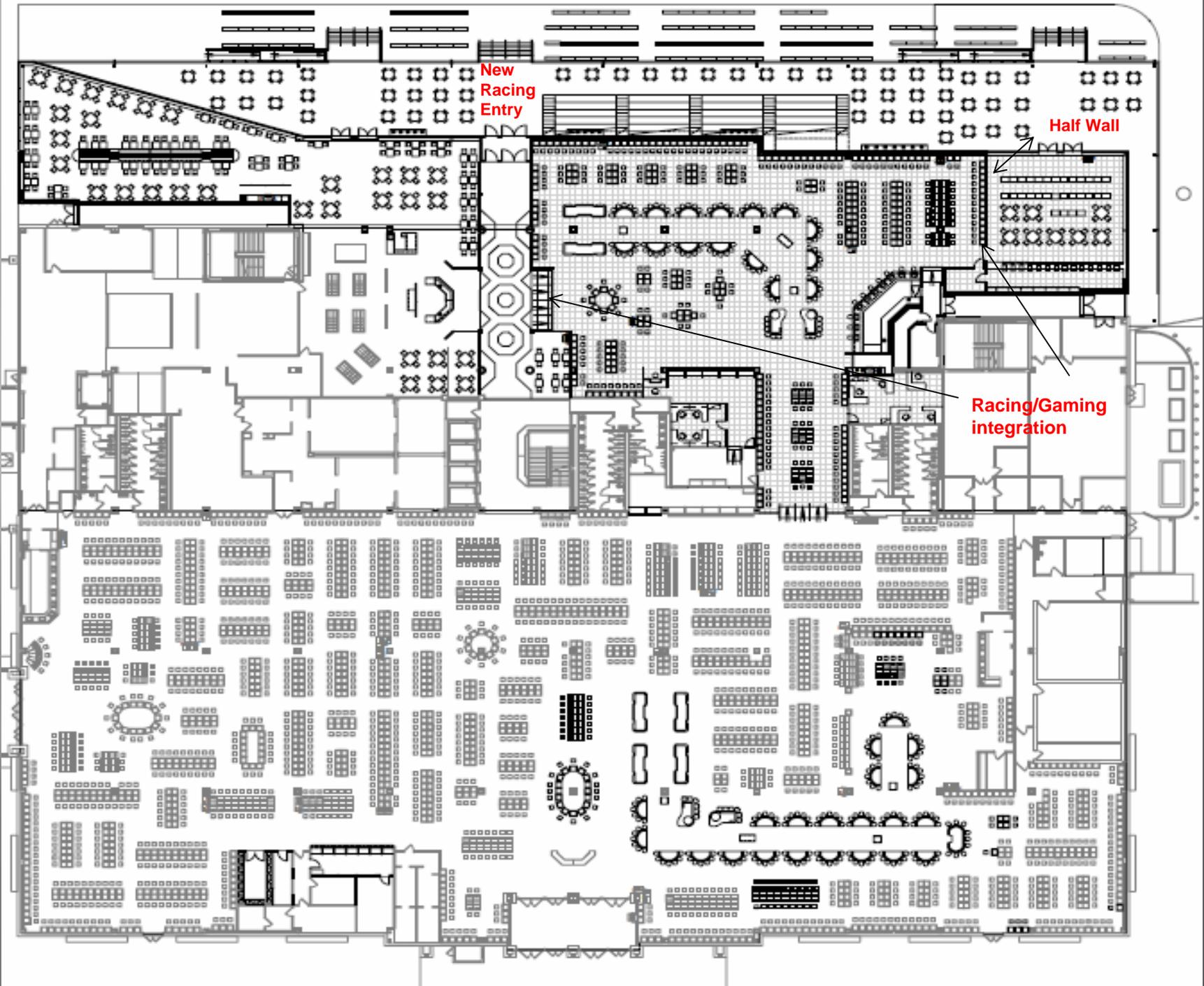
Opens
06/07/10



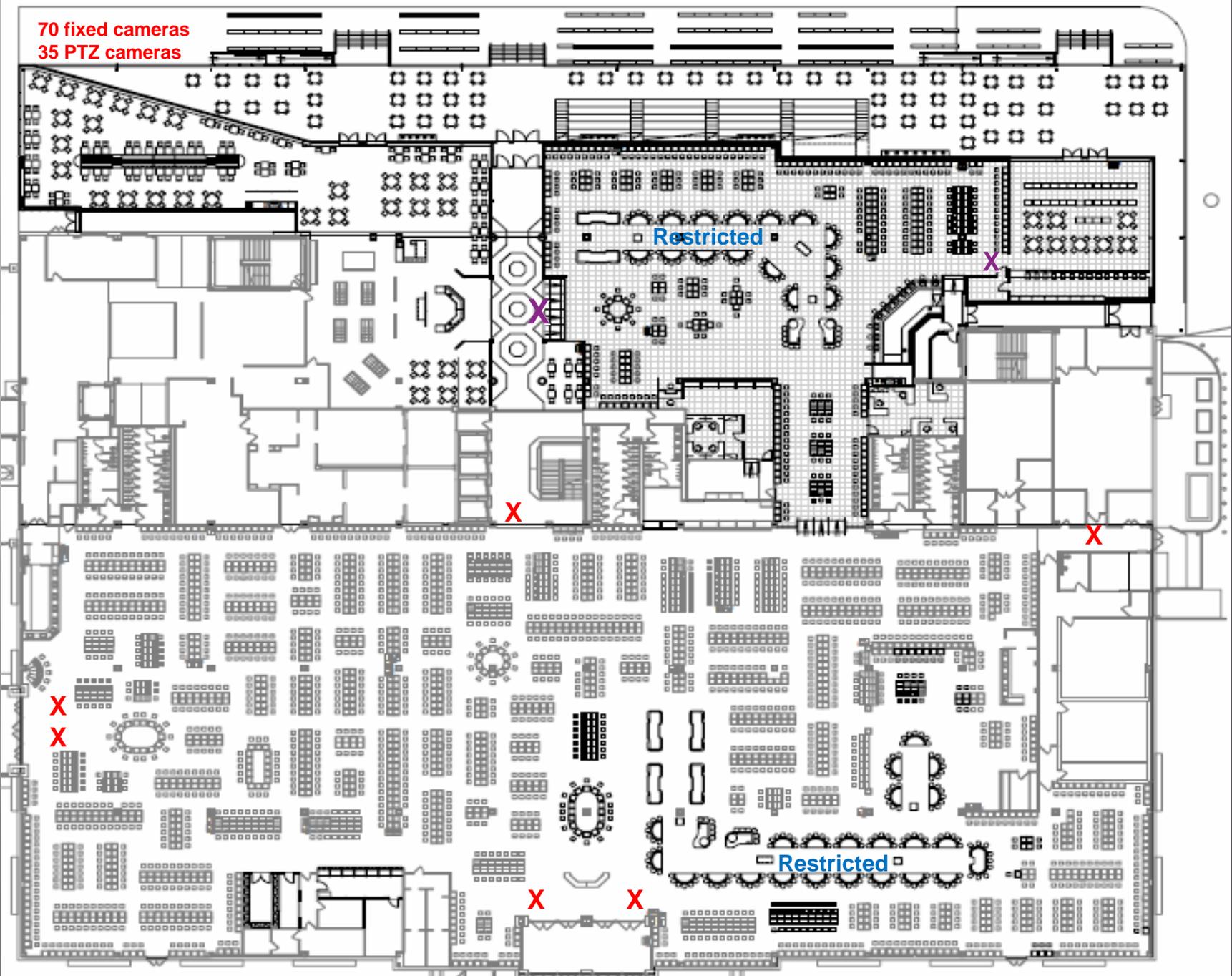
New
Racing
Entry

Half Wall

Racing/Gaming
integration



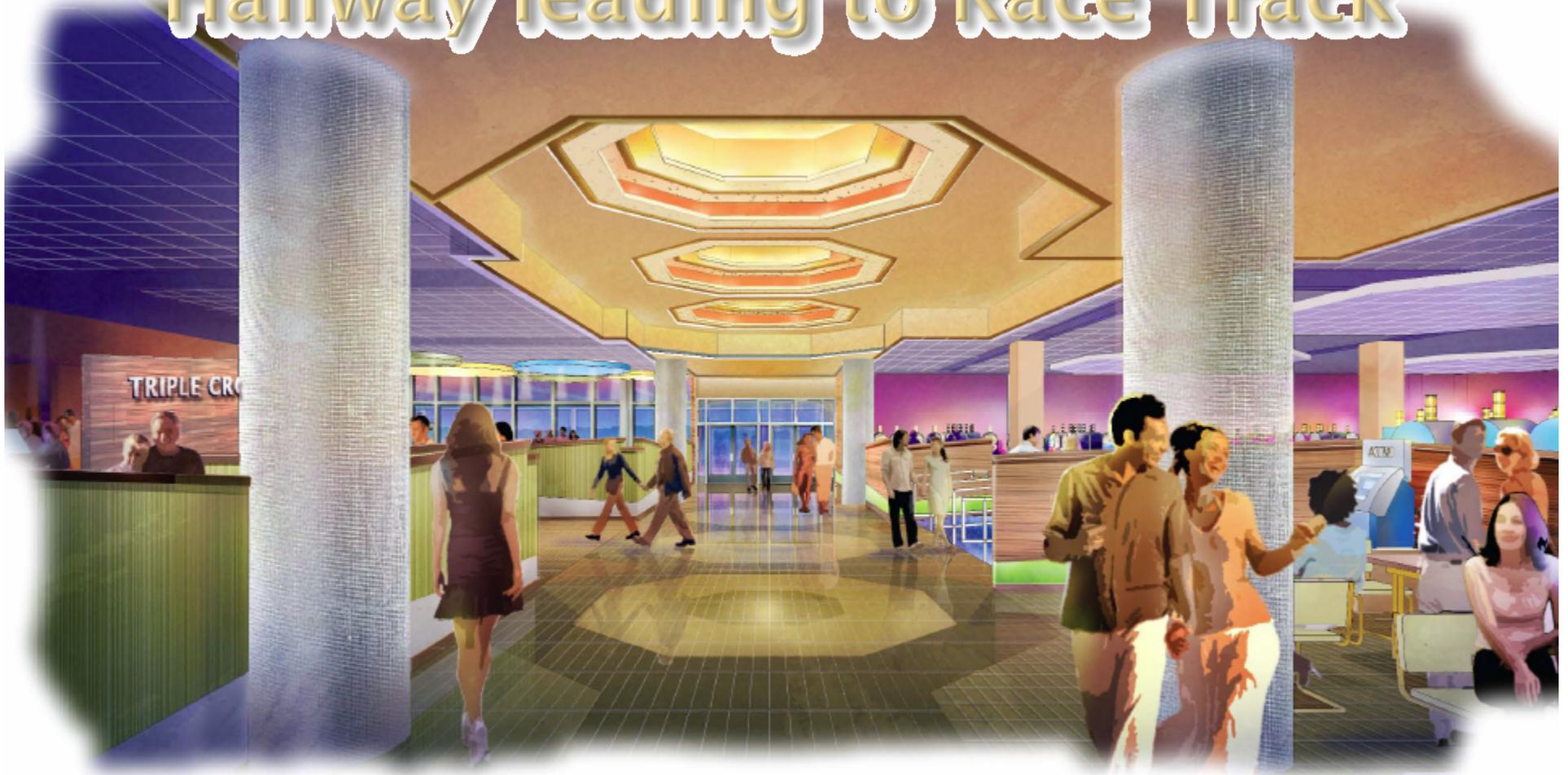
70 fixed cameras
35 PTZ cameras



X = Existing Security Posts

X = New Security Posts

Hallway leading to Race Track



Triple Crown Buffet



Paddock Bar



Pari-mutuel Area



CONSTRUCTION UPDATE PHOTOS

4/22/10

View of the south wall of the new mutuels area. The exterior block wall is complete; the glass wall framing is being installed as shown. The concrete walkway was poured early this morning.



View of the new patio area looking north. The roof structure installation is scheduled to begin the week of 4/26. The square holes in the building are where the new roof beams will attach to the building columns.



Work taking place in the old patio area. Removal of the old glass wall just began. The area in view will all be gaming space when complete. Fire protection sprinklers are being installed by the man in the lift.



View inside the old buffet looking toward the old mutuels. The 'artwork' on the floor is the pattern for the ceiling design above this area being planned out by the contractor.



View of the new mutuels area from inside where the tellers will be stationed. The new raised flooring has just been installed. HVAC ducts seen in the ceiling are complete.



**SLOT MACHINES NOT
PERMANENTLY REDUCED
TO ACCOMMODATE
TABLE GAMES**

Number of Slot Machines

- ▣ Number of slot machines on October 1, 2009 = 2,000
- ▣ Slot machines will be temporarily reduced during construction process pending the approval of Executive Director.
- ▣ When construction is completed we will meet or exceed the number of slot machines on the gaming floor at October 1, 2009.

BUSINESS ABILITY AND EXPERIENCE

Experience

▣ Corporate

- Robert Griffin, Chief Executive Officer, MTR Gaming - 29 Years
- Robert Norton, Chief Operating Officer, MTR Gaming - 15 years
- David Hughes, Executive VP and CFO, MTR Gaming - 25 years
- Fred Buro, VP Corporate Marketing, MTR Gaming - 18 years

Experience

▣ Property Executives

- Rita Smith, Director of Finance – 30 years
- Kevin Ryan, Director of Table Games – 30 years
- Bobby Powell, Director of Security – 35 years
(law enforcement and casino security)
- Steve Danowski, Director of Surveillance – 34 years
(law enforcement and casino surveillance)
- Jennifer See, Director of Marketing – 13 years
- All others at 3+ years

▣ Other Departments

- Diane Claymier, Cage Manager - 14 years
- Duane Krakowiak, Cage Shift Manager – 7 years
- Stuart Hoffman, Drop Team Supervisor – 13 years
- Shayne Morrow, Countroom Manager – 13 years

Experience

▣ Table Games Department

- Neal Sloane, Director of Table Games (MPI) – 28 years
- Kevin Ryan, Director of Table Games (PID) – 30 years
- Paula Dwaileebe, Shift Manager (Training School Mgr) – 22 years
- Stephanie Machowski, Pit Manager (Instructor) – 15 years
- Christopher Giordano, Pit Manager (Instructor) – 8 years
- Kim Platko, Floor Supervisor (Instructor) – 2 ½ years
- Kathleen O'Brien, Pit Manager (Instructor) – 8 years
- Chong Yeager, Pit Manager (Instructor) – 27 years
- Roy Konopaska, Dual Rate Dealer (Instructor) – 15 years
- Alicia Konopaska, Floor Supervisor (Instructor) – 15 years
- Tom Johnson, Floor Supervisor (Instructor) – 7 years
- LaChelle Rick, Floor Supervisor (Instructor) – 17 years
- James Rick, Floor Supervisor (Instructor) – 13 years

DIVERSITY

Continuing the Commitment
and

Good Faith Effort Towards Diversity

Diversity Plan

- ▣ Clark Resources Diversity Consultant
 - Monitoring of Diversity Plan
 - Workforce - Supplies - Contracting

- ▣ Presque Isle Downs Historical Achievements
 - Contracting
 - Reporting
 - MBE/WBE Participation

Diversity Plan

- ▣ Overall Commitment
 - Review of Process
 - Understanding of “Good Faith Effort”
 - Outreach

- ▣ Diversity Commitment
 - Senior Management Project Team
 - Pennsylvania Gaming Control Board Oversight

Workforce

Age	Under 40	40-49	50-59	60-69	70+	Total
Total Employees	348	115	116	51	11	641
Percentage	54.29%	17.94%	18.10%	7.96%	1.72%	100%
Sex	Male	Female	Total			
Total Employees	332	309	641			
Percentage	51.795	48.21%	100%			
Erie Co.	48.97%	51.03%				As of 3/31/10

Workforce

Ethnic Group	White	African American	Native American	Asian	Hispanic	Non-U.S./ Non Spec.	Total
Total Employees	536	75	1	4	16	9	641
Percentage	83.62%	11.70%	0.16%	0.62%	2.50%	1.40%	100%
Erie Co.*	91.40%	6.50%	0.33%	0.33%	2.50%	0.33%	
Place of Residence	PA		OH	NY	Other		Total
	Erie Co.	583					As of 3/31/10
	Crawford Co.	35					
	Other PA County	10					
Total Employees		628	5	1	7		641
State Percentage		97.97%	0.78%	0.16%	1.09%		100%

Management Team

- ▣ PIDI's management team consists of 92% Caucasian, 8% persons of color, with 75% of the management team being over the age of 40.
- ▣ MTR executive management team consists of 75% Caucasian and 25% persons of color, with 75% of the executive management team being over the age of 40.

Community Outreach

- ▣ Informational meetings held for the public regarding dealer training school and requirements.
- ▣ Advertising on local radio programs geared towards minorities in Erie County.
- ▣ Forum held to reach out to community leaders in Erie County of various minority support services, educational and recreational groups.
- ▣ Job Fair held April 19, 2010, in Erie County focusing on the minority community.

Recognition

- ▣ Governor's Employer Honor Roll – From the Department of Public Welfare for hiring people on the Welfare to Work program (in partnership with St. Benedict's Education Center)
- ▣ United Way Gold Award for Outstanding Community Service
- ▣ Voices for Independence – in recognition of our willingness to employ individuals with disabilities

Recognition

- ▣ Dr. Gertrude A Barber National Institute – Employer of the Year – for work with the Employment Opportunities Center for both hiring and retention

THANK YOU