

COMMONWEALTH OF PENNSYLVANIA

GAMING CONTROL BOARD

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PUBLIC HEARING

IN RE: GREENWOOD GAMING AND ENTERTAINMENT, INC.,
PETITION FOR EXTENSION OF TIME TO OPERATE TEMPORARY
FACILITY

* * * * *

BEFORE: MARY DIGIACOMO COLINS, Chair
Raymond S. Angeli, Jeffrey W. Coy, Kenneth
T. McCabe, Sanford Rivers and Gary A.
Sojka, James B. Ginty, Members, and Keith
Welks, ex officio

HEARING: Tuesday, October 14, 2008
3:00 p.m.

LOCATION: Hearing Room 1
North Office Building
North Street & Commonwealth Avenue
Harrisburg, PA

Reporter: Cynthia Piro-Simpson

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A P P E A R A N C E S

ALAN C. KOHLER, ESQUIRE

Wolf Block

213 Market Street, 9th Floor

Harrisburg, PA 17101

and

TOM BONNER, ESQUIRE

Greenwood Gaming General Counsel

For Greenwood Gaming and Entertainment, Inc.

CYRUS PITRE, ESQUIRE

For Office of Enforcement Counsel

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CHAIRMAN COLINS:

Again, turn off your cell phones, Blackberries, et cetera. And the first thing that we have is the Greenwood Gaming and Entertainment, Inc. petition seeking an extension of time to operate its temporary facility. This petition is before the Board today. And prior to the public hearing commencing, we'll hear from Greenwood Gaming's counsel. So would you just state your name and introduce yourselves for the record?

MR. KOHLER:

My name is Alan Kohler with Wolf Block, representing Greenwood Gaming and Entertainment. And with me today is Tom Bonner, Greenwood's General Counsel.

MR. BONNER:

Good afternoon.

MR. KOHLER:

Madame Chairman, we bring before you today a petition filed by Greenwood in July of this year, seeking a one-year extension to operate our temporary facility. The petition seeks relief under Section 1207, sub 17, of the statute, the Gaming Act,

1 which permits temporary facilities to be open for a
2 two-year period, then an additional year with the
3 permission of the Board. And we come before the Board
4 seeking that additional year.

5 We believe this request is non-
6 controversial. As you'll recall, in December the
7 Board approved a master plan --- phase one of a master
8 plan for Greenwood, which provided for the
9 construction of a permanent facility. We are
10 proceeding with that construction. What we brought
11 before the Board and what was approved by the Board
12 provided for an opening day of December 15th, 2009.
13 And essentially in order to meet the terms of the
14 master plan, we need the extension that we come before
15 you today seeking.

16 At staff's request, we're going to do a
17 very brief PowerPoint presentation, which pretty much
18 just shows you what's been going on at Philadelphia
19 Park and brings you up to date. I'm going to do a
20 brief intro and then turn it over to Mr. Bonner.

21 Just as a matter of background, the
22 temporary facility for which we seek extension has
23 been a resounding success.

24 We believe it's the most successful
25 gaming facility in the Commonwealth. Certainly from a

1 gross terminal revenue perspective that is the case.
2 As you look at the PowerPoint, there's some numbers
3 from the Board's web site, which shows essentially the
4 extent of our business activity to date. We generated
5 over \$7.1 billion in wagers, paid out to winning
6 patrons over \$6.5 billion. And the other numbers you
7 see are the taxes, reflect the taxes we paid to the
8 Commonwealth, \$190 million in property tax reform,
9 over \$28 million to the horseracing industry and over
10 \$22.3 million to the economic development fund.

11 And at this point I'm going to turn it
12 over to Mr. Bonner to provide you a status report of
13 our phase one master plan.

14 MR. BONNER:

15 Thank you. Madame Chairman and
16 Commissioners, we have a very brief presentation.
17 This slide indicates various milestone dates that were
18 included in the Statement of Conditions attached to
19 the license approval that you granted in December of
20 last year. This sheet indicates that the dates that
21 have come upon us already have been met and that the
22 various tasks have all been completed.

23 Next, again, just an indication for
24 purposes of the status report, that deadlines that
25 have already passed have been met and an indication of

1 the activities to come over the coming 14 or 15 months
2 or so. We do plan to top off the project in December,
3 as scheduled, and the building enclosure will probably
4 beat that March date, all rolling up to an opening of
5 the new facility by December, mid-December of 2009.

6 We've been required to provide monthly
7 status reports on the construction progress to the
8 Board, and we've complied with that requirement. This
9 information is from the latest update, just indicating
10 that structural steel is virtually complete. Steel
11 decking is about halfway done. Concrete decks are
12 being poured both on the first floor and the second
13 floor. Exterior framing has just begun, and roofing
14 will begin late this month. Our goal is to have the
15 project under roof and enclosed and basically
16 watertight by the end of the year so we can proceed
17 with the interior work and finishes throughout the
18 year 2009. We also have dates that are part of the
19 Statement of Conditions for delivery of design
20 drawings, as well as construction in the field, and
21 both the design schedule and then the work pursuant to
22 those documents in the field is proceeding on
23 schedule.

24 We're pleased to be able to report our
25 success in awarding significant portions of the

1 project to local contractors. About 33 percent of the
2 \$58 million awarded to date has gone to local Bensalem
3 area and Bucks County contractors. And additionally,
4 about close to 30 percent, 29 percent of the work has
5 been awarded to both minority business enterprises and
6 women business enterprises. We've had, we think, good
7 success in trying to include the minority contracting
8 community in our project.

9 We've also been attempting to keep the
10 township fully apprised of the progress of the work.
11 This is the biggest project going on in the township
12 at the time. We meet monthly with the local Citizens'
13 Gaming Advisory Board to provide them updates on the
14 project. And we have also been keeping you informed
15 through the monthly letter reports that we've been
16 required to submit as part of the license approval.

17 That concludes my remarks with respect to
18 the status. We have some progress photos that I'll
19 flip through. I'll be happy to answer any questions
20 that you may have at any time. This was the site in
21 April. We had the groundbreaking in March. We had
22 begun surveying and basic foundation work, which is
23 shown here. In May we had begun, again, some of the
24 footing and foundation work. This is a shot of that.
25 In June, we had moved into more foundation work, not

1 particularly interesting looking, continuing grading.
2 A lot of fill had to be brought onto the site, showing
3 you that. August, the steel erection began, which you
4 see here. September, it's starting to look like a
5 building. This is the structural steelwork. All
6 September photos. And then this month, most recently
7 you can see the exterior wall framing going up. Some
8 of the decking has been installed, which covers over
9 the project internally. October 10th photo. October
10 18th photo.

11 That concludes our presentation.

12 MR. KOHLER:

13 Madame Chairman and Commissioners, the
14 Office of Enforcement Counsel in its report states
15 that our petition is uncontested. The statute
16 provides that the Board can grant relief for, in
17 quotes, good cause shown. We believe we've done
18 everything the Board has asked in staying on schedule
19 in our phase one project, and we believe that Office
20 of Enforcement Counsel agrees with that. And with
21 that said, that we meet the "with good cause shown"
22 standard.

23 CHAIRMAN COLINS:

24 Thank you. That's all right. Why don't
25 we hear from Enforcement Counsel? Do you have any

1 questions, Mr. Pitre, or any comments you want to make
2 at this time?

3 MR. PITRE:

4 I have no questions. The only comment
5 that I would make is that I did have a chance to visit
6 the site yesterday, and they are coming along quite
7 nicely. Philadelphia Park, since they've made their
8 initial request, has done everything in its power to
9 meet the schedule that we put before them. So I would
10 ask that the Board consider their request in the
11 petition for an extension.

12 CHAIRMAN COLINS:

13 Thank you. Are there any questions by
14 the Board at this time? Yes?

15 COMMISSIONER COY:

16 Just a question. Is there an expectation
17 of additional funding requirements because of this
18 extension?

19 MR. BONNER:

20 And we've been reporting to the Board,
21 Mr. Commissioner, we have an existing credit facility
22 that has been in place since we began the work on the
23 temporary facility back in 2006. That credit
24 facility, coupled with the cash from operations that
25 we're spinning off, we think will be adequate to fund

1 the project to completion.

2 COMMISSIONER COY:

3 Thank you.

4 MR. KOHLER:

5 Nothing in that area has changed since
6 the Board approved our phase one master plan in
7 December.

8 COMMISSIONER COY:

9 Conditions being what they are, looking
10 for more money just doesn't seem to be the ---.

11 MR. KOHLER:

12 I guess none of us know what the future
13 holds, but all we can report to you today is, so far
14 so good.

15 COMMISSIONER COY:

16 Thank you.

17 COMMISSIONER RIVERS:

18 Madame Chairman, a question. Has the
19 cost of the project escalated from what you originally
20 presented to us to what it's going to be when you
21 complete it?

22 MR. BONNER:

23 Our project budget is \$300 million, and
24 we've been managing the project to stay within that
25 \$300 million figure. About \$220 is construction, and

1 the rest is equipment, slot machines, fees. So we are
2 still within that budget that we had presented to you
3 back in December.

4 CHAIRMAN COLINS:

5 Any other questions? Okay. Thank you
6 very much. Would you like to make any further
7 statement?

8 MR. KOHLER:

9 Just as a ministerial matter, Madame
10 Chairman, to move our petition and the supplements to
11 the petition and our PowerPoint presentation today
12 into the record.

13 CHAIRMAN COLINS:

14 Very good. It's accepted into the
15 record. Thank you. And that will conclude this
16 hearing, and the record is closed. Before we vote on
17 this petition, we will go into an executive session
18 and engage in deliberations on the matter, as
19 permitted by the Sunshine Act.

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22 HEARING CONCLUDED AT 3:15 P.M.

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