

COMMONWEALTH OF PENNSYLVANIA

GAMING CONTROL BOARD

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IN RE: WOODLANDS FAYETTE, LLC

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PUBLIC INPUT HEARING

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BEFORE: WILLIAM H. RYAN, JR., CHAIRMAN
Gregory C. Fajt, James B. Ginty, Annmarie
Kaiser, Keith R. McCall, Anthony C.
Moscato, Gary Sojka, Members; Jennifer
Lanaghan, Representing Robert M. McCord,
Robert Coyne, Representing Secretary to
Department of Revenue Daniel P. Meuser and
Matthew Meals, Representing Secretary of
Agriculture George Grieg

HEARING: Wednesday, February 20, 2013
10:02 a.m.

LOCATION: Strawberry Square
2nd Floor
Harrisburg, PA 17101

WITNESSES: Chris Plummer, Arnold Block, Rich Laudon

Reporter: Cynthia Piro Simpson

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CHAIRMAN:

I'm Bill Ryan, Chairman of the Pennsylvania Gaming Control Board. Before we begin I would like to, again, ask everyone to please turn off cell phones, PDAs and other electronic devices including people here on the Board. With us today is Jennifer Lanaghan representing State Treasurer, Robert McCord, Bob Coyne representing Secretary for the Department of Revenue Dan Meuser and Matt Meals is representing the Secretary of Agriculture George Greig. Thank all of you for coming. A quorum of members being present I will call today's meeting to order.

First order of business I'd like to have everyone please stand for the Pledge of Allegiance.

PLEDGE OF ALLEGIANCE RECITED

CHAIRMAN:

Thank you, ladies and gentlemen. We have one item before the Board today for a public hearing which will take place prior to our public meeting. The first public hearing, only public hearing, pertains to Woodland Fayette, LLC's Petition for Approval to Conduct Table Games. I would note for

1 the record that this matter was also the subject of a
2 public input hearing, which occurred on February 7th,
3 2013 at the Wharton Township Municipal Building in
4 Farmington, PA, which is a township in which the
5 Nemacolin Resort is located. Okay. Why don't we get
6 started? I would ask everyone involved in this to
7 please come forward. And before we begin, could I ask
8 all fact witnesses who aren't attorneys who will be
9 presenting evidence to please stand so they can be
10 sworn. First could you please, sir, one by one just
11 tell the court reporter for the record your name, and
12 spell your last name?

13 MR. BLOCK:

14 Arnold Block, B-L-O-C-K. Chief
15 operating officer, Isle of Capri Casinos.

16 MR. PLUMMER:

17 Chris Plummer, P-L-U-M-M-E-R. General
18 manager of Nemacolin Woodlands Resort.

19 MR. LAUDON:

20 Rich Laudon, L-A-U-D-O-N. Vice
21 president, general manager of Lady Luck Casino,
22 Nemacolin.

23 CHAIRMAN:

24 Okay. Gentlemen, you may sit down.
25 Thank you. I'm sorry. I apologize. Please stand so

1 you can be sworn.

2 -----

3 WITNESSES SWORN EN MASSE:

4 -----

5 CHAIRMAN:

6 Okay. Woodlands, you may begin.

7 ATTORNEY KIRCHER:

8 Thank you, Mr. Chairman, members of the
9 Board, staff. My name is Philip Kircher with the firm
10 of Flaster Greenberg here to present the petition of
11 Woodlands Fayette, LLC for permission to operate table
12 games at its Lady Luck Casino. We have submitted our
13 papers in support of our application and we have three
14 witnesses today to testify also in support of our
15 application and then we're happy to entertain any
16 questions that anyone has. So without further ado I
17 think we'll start with Mr. Plummer who is the general
18 manager of the Nemaocolin Resort.

19 MR. PLUMMER:

20 Hello, Commissioners. Thank you very
21 much for giving us this opportunity. My name's Chris
22 Plummer. I'm the general manager at Nemaocolin
23 Woodlands Resort and I just want to thank everybody
24 for the opportunity to speak to something that I'm
25 very passionate about and we're all very passionate

1 about in Fayette County and that's Nemacolin Woodlands
2 Resort. I'm joined by Arnold Block, Isle's chief
3 operating officer and Rich Laudon who is the general
4 manager of the Lady Luck Nemacolin. We're here to
5 share an update on construction and financial
6 suitability and Rich will discuss the table games
7 later in our presentation.

8 Currently at Nemacolin we host about
9 350,000 guests annually from across the country and
10 the globe. Our 2,000 acre resort employs 900 to 1,200
11 associates based on season and we're looking forward,
12 very forward --- actually have started already to
13 growing that number immensely over the next couple of
14 months with the opening of Lady Luck Nemacolin.
15 Because of our dedicated and talented associates and
16 the vision of our owners we've been very fortunate to
17 be recognized by a lot of the top names in our
18 industry.

19 Lautrec Restaurant is one of only 26
20 restaurants in the world to boast the Forbes Travel
21 Guide Five Star Award and Mystic and Falling Rock
22 Hotel is one of only 52 hotels in the world to boast
23 that same distinction. Mystic Rock, our Pete Dye
24 designed golf course, is ranked by Golf Digest as the
25 75th best public course in the country and our spa was

1 rated 9th best in the country by the readers of Conde
2 Naste Traveler. We do like the awards, but it's
3 really the associates and our guests that we care
4 about most. They drive us in our extensive list of
5 amenities.

6 Let's start with our six different
7 lodging options including Falling Rock, the Chateau
8 Lafayette, The Lodge, our townhomes, and condos, our
9 private home collection and we even have a 20 space RV
10 park. Dining is an essential part of our Nemaquin
11 experience and we operate 15 unique dining facilities
12 covering 2,000 acres. Corporate events are also a
13 vital part of our business. This year alone we'll do
14 40,000 corporate room nights, which makes up
15 approximately 50 percent of our total revenue. We
16 have 31,000 square feet of meeting space, dedicated
17 planning team and unmatched team building programs.

18 We offer the finest in traditional
19 resort activity, like golf at Mystic Rock, tennis,
20 horseback riding, fly fishing. Our new Sundial Lodge
21 is the year round hub of outdoor activities in the
22 region offering skiing, snowboarding, snow tubing in
23 the winter. Zip lining, mountain biking and 18 miles
24 of off road driving with our fleet of Jeep Rubicons in
25 the summer. Our Woodlands Spa features 40 unique

1 treatment rooms, home to over a hundred different
2 therapies and we service 400 to 500 guests on a given
3 day. Traditional massages, facials, manicures and
4 pedicures are on our menu as well as untraditional
5 treatments like unique scrubs, wraps, body kurs and
6 acupuncture.

7 Across our 2,000 acres guests also get
8 to enjoy our Hardy family art collection. The
9 collection is literally around every corner and
10 includes famous pieces by Botero, Calder and Lautrec.
11 It also includes interesting collectibles like a piece
12 of the Berlin Wall, original Beatles photographs and
13 vintage automobiles and aircrafts. Our expansive
14 retail offerings include everything from men's and
15 women's apparel to a jeweler, the cigar shop and a fly
16 fishing shop where you learn to tie your own flies.
17 And of course, like everyone thinks, when you think of
18 luxury resorts in the middle of the mountains you
19 think hyenas, white lions and tigers. Today our
20 wildlife academy is home to nearly 100 exotic animals
21 for our guests to enjoy. It includes a luxurious pet
22 spa and a full service veterinarian care.

23 So as you can see, the choice of
24 amenities that we offer at Nemaocolin and the
25 associates that drive these amenities are really our

1 competitive advantage. Everyone knows the famous ---
2 Mr. Hardy's famous quote about working on adding the
3 ocean at Nemaquin. And knowing the Hardy family for
4 as long as I have, as well as I do I'm really just
5 waiting for the call letting me know it's here. Now,
6 go figure out what to do with it, Chris.

7 So adding table games to this list of
8 amenities not only aligns very well with our current
9 guest demographics and what our guests want, but it'll
10 also appeal to the new visitors as well, which is
11 really why we got into this in the first place. And
12 we're very, very proud to partner with Isle of Capri
13 to make this happen, so I thank you guys. I thank
14 everyone for the opportunity to speak with you about
15 Nemaquin and now I'd like to introduce Arnold Block,
16 chief operating officer of Isle of Capri to talk about
17 Isle.

18 MR. BLOCK:

19 Thank you, Chris. Chairman Ryan,
20 members of the Commission, Executive Director O'Toole
21 and members of the staff, my name is Arnold Block and
22 I serve as the chief operating officer of Isle of
23 Capri and Casinos, Incorporated. We appreciate the
24 opportunity to share details with you today about
25 table games at Lady Luck Casino Nemaquin. I'm going

1 to begin by saying how pleased we are to be working
2 with the Hardy family, everyone at Nemacolin Woodlands
3 Resort and the Pennsylvania Gaming Control Board to
4 turn Lady Luck Casino into a reality. As I'm sure you
5 already know, Isle of Capri is a publicly traded
6 corporation operating 15 casinos in six states
7 including over 14,000 slot machines, over 330 table
8 games and we employ over 7,500 individuals with an
9 annual payroll topping \$250 million.

10 The design concept of Lady Luck
11 Nemacolin is modern, prairie style creating a vibrant
12 entertainment venue while capturing the essence of the
13 Woodlands resort style. The building expansion
14 introduces a façade element, which visually pulls the
15 structure out of the surrounding landscape,
16 reemphasizing excitement of the entertainment within.
17 The table games are centered on the gaming floor and
18 capture the modern prairie style design. The casino
19 represents an investment of approximately \$60 million
20 and includes 600 slot machines, 28 table games and 2
21 restaurants. The floor layout has been carefully
22 planned to allow for easy access to both slots and
23 tables with all of the table games located down the
24 center aisles and the restaurants located at the rear
25 of the building. Guests will be able to move quickly

1 from valet or the parking lot, through security and
2 onto the gaming floor.

3 The existing structure, which will
4 become the casino, has been completely gutted and work
5 is underway to install underground utilities, framing
6 has begun in existing back of house areas and
7 digging for underground utilities has begun for the
8 new restroom addition. Footings have been poured and
9 steel will soon be in place for the new office space
10 addition as well. We thank everyone at Keating
11 Building Company based in Philadelphia for their hard
12 work and dedication so far and look forward to sharing
13 our completed casino with the Commonwealth sometime
14 this summer. Isle of Capri will be funding the \$7.5
15 million table games authorization fee and all capital
16 expenditures required to bring table games to Lady
17 Luck Nemaquin. We will be utilizing Isle's
18 internally generated cash flow from its existing
19 operations and our existing revolving line of credit.
20 Our available borrowing capacity as of October 28th,
21 2012, the date of our last public disclosure, was
22 approximately \$200 million.

23 Next I would like to introduce Rich
24 Laudon. Rich has been named vice president and
25 general manager of Lady Luck Casino Nemaquin. He

1 brings a diverse background in gaming operations from
2 multiple gaming jurisdictions. He most recently
3 served as vice president and general manager at Argosy
4 Casino in Alton, Illinois. We are thrilled to have
5 Rich lead our management team. As you can see from
6 the extensive list of casinos noted on the slide, Rich
7 is truly an experienced veteran and now I'd like to
8 turn the mic over to Rich.

9 MR. LAUDON:

10 Thank you, Arnie. Chairman Ryan,
11 members of the Board and staff, it's a pleasure to be
12 here today to discuss our table games operation and
13 update you with our plans. To date we have hired most
14 of senior management team. It includes Merryan
15 Rutherford, operations director, Terry Gwinn, finance
16 director, Michael Giunti, marketing director, Danielle
17 Grimley, human resources director, Amanda Loveland,
18 compliance officer, Chris Schroder, surveillance
19 manager, Mark Starrett, security manager, James Dave
20 Haston, IT manager and Michael Prokop, casino manager.

21 We're proud and pleased with the team
22 that we have built and are building, two of which are
23 already Pennsylvania residents. The remaining will be
24 moving to the Commonwealth shortly and establishing
25 residency. Since our focus today is table games let's

1 take a look at the 28 games that we will offer. It's
2 a full complement offering from Blackjack to Texas
3 Hold 'Em and our guests will be able to find their
4 favorite casino game. We expect that the addition of
5 table games to Lady Luck Nemaocolin will bring in
6 approximately \$1.4 million in gaming taxes annually at
7 a rate of 14 percent in the first two years and 12
8 percent thereafter. This also includes the two
9 percent local share of taxes associated with table
10 games.

11 The expected employment impact
12 associated with table games will be approximately 130
13 positions. The total employment at Lady
14 Luck Casino Nemaocolin is expected to be approximately
15 400 positions. We have recently commenced formal
16 recruiting for table games with a public information
17 session for individuals interested in becoming dealers
18 at the casino. Approximately 100 people visited with
19 our staff on February 2nd at the Laurel Business
20 Institute where we shared specific details about
21 becoming a dealer at Lady Luck Casino.

22 The dealer school which currently has
23 approximately 75 students, began on February 11 and
24 lasts anywhere from 5 to 11 weeks. Trainees were
25 required to pass drug and alcohol screening on the

1 first day of school. Once trainees passed the dealer
2 school they will be given a contingent job offer. Not
3 everyone is cut out to be a dealer, therefore the
4 training is part of the interview process. Each week
5 trainees are assessed on their progress. There is no
6 fee to attend this school.

7 Recruiting for other positions is off to
8 a good start having received close to 1,300
9 applications so far and we have not posted all of the
10 jobs just yet. We intend to continue to utilize web
11 postings through the Isle of Capri Casino's career
12 page as well as Casinocareers.com and local outlets as
13 well. We are committed to meeting the residency goals
14 and creating a diverse workforce. We believe that the
15 best employees run the best business. We focus on
16 employee retention and offer competitive wages and
17 benefits. We bonus down to the front line employees
18 through our See, Say, Smile Courtesy program and our
19 Customer Experience Owners Service Program.

20 We will be utilizing a full panel
21 interview format when we hire. The panel interviews
22 are designed to help us learn whether or not a
23 candidate has the friendly, outgoing personality that
24 our Lady Luck Casino is seeking. Our goal is to
25 become the friendliest and the most courteous casino

1 in the Commonwealth. Additionally all of our
2 employees are trained to act responsibly, treat people
3 with respect and to recognize the signs of gambling
4 addiction. We are a member of the Council on
5 Compulsive Gaming of Pennsylvania and we remain
6 committed to ensuring that our guests play
7 responsibly.

8 I'm thrilled to be leading the Lady Luck
9 Nemacolin team and I look forward to relocating to the
10 Commonwealth. Our leadership team is strong, it
11 brings a wealth of gaming experience to the project
12 and we're proud to be building a Lady Luck Nemacolin
13 into a casino that the community and the state will be
14 very proud of. We believe that our Table Games
15 Petition meets all of the requirements outlined by the
16 legislation and we look forward to adding table games
17 to our project. I thank you, Commissioners, for ---
18 and our other guests for taking the time to travel
19 here today and listen to our presentation.

20 And in closing I would like to reiterate
21 the words that we heard a few weeks ago, Fred Ziegler,
22 a local business owner, stated at the public input
23 hearing a casino without table games is like
24 McDonald's without French fries. Thank you.

25 ATTORNEY KIRCHER:

1 Thank you, Rich. Commissioners, that
2 concludes our testimony and at this time I would like
3 to ask that the slide show be moved into evidence in
4 support of our application.

5 ATTORNEY CREANY:

6 No objection to the admission of the
7 slide show.

8 CHAIRMAN:

9 It can be admitted.

10 ATTORNEY KIRCHER:

11 Thank you.

12 CHAIRMAN:

13 Does the Office of Enforcement Counsel
14 (OEC) have any questions or comments?

15 ATTORNEY CREANY:

16 A few questions, Chairman Ryan. Just a
17 few questions, Chairman Ryan. My name is Barry Creany
18 for the OEC. And Attorney Kircher, you can direct
19 these to other witnesses if it's inappropriate, but I
20 think probably Mr. Laudon would be the one that could
21 speak to this. In his presentation he mentioned there
22 will be a total of approximately 400 total positions
23 at the casino, 130 of which are going to be in the
24 area of table games. And I noticed in your petition
25 you've had a breakdown of approximately 70 percent

1 full time and 30 percent part time in those positions.
2 Could you give us an idea of how those break down,
3 what kind of positions they are and where we're going
4 to see the full time versus part time?

5 MR. LAUDON:

6 Well, we would anticipate that because
7 of the climate that there will be flexing with the
8 business volumes. We'll be flexing down in the
9 wintertime and flexing up during the summer, so we
10 anticipate that we will try to utilize part time
11 employees in the casino operations primarily tables
12 because it's a labor intensive department. Somewhat
13 slots a little bit, but we anticipate the slot play
14 will be reasonably consistent. Food and beverage we
15 would like to use part time help in that area as well.

16 ATTORNEY CREANY:

17 So in essence are you saying use staff
18 for that peak capacity, but will, you know, bring
19 people in, schedule as needed?

20 MR. LAUDON:

21 Correct.

22 ATTORNEY CREANY:

23 And in that regard with the 130 --- when
24 you're talking about table games are these dealers or
25 are these in other areas such as the cage and security

1 or other areas?

2 MR. LAUDON:

3 Regarding the part time?

4 ATTORNEY CREANY:

5 No, the 130 jobs. Are those going to be
6 all dealer jobs?

7 MR. LAUDON:

8 That was what that referred to, yes.

9 ATTORNEY CREANY:

10 Just dealers. Okay. With respect to
11 those jobs do you have any idea at this time what you
12 think maybe an average salary will be for a table
13 games employee?

14 MR. LAUDON:

15 The base pay is probably in the \$5 to \$6
16 hourly rate and then there'll be a tip rate or
17 whatever they call it, token for --- stand in for
18 token rate that goes with that. And that's hard to
19 predict. Historically in other gaming operations it
20 can range from \$7 to \$15 an hour.

21 ATTORNEY CREANY:

22 And will your positions in the table
23 games area be with any type of benefits?

24 MR. LAUDON:

25 The full-time positions will have full

1 benefits, yes, as Isle of Capri policy.

2 ATTORNEY CREANY:

3 Okay. If I understood it then you have
4 at least 75 students now at the dealer school and upon
5 their completion they'll be given job offers?

6 MR. LAUDON:

7 Contingent job offers, yes.

8 ATTORNEY CREANY:

9 Okay. And we're only part way through
10 that school; is that correct?

11 MR. LAUDON:

12 Correct.

13 ATTORNEY CREANY:

14 So a couple of weeks from now might be
15 the first hires relative to below the senior
16 management level?

17 MR. LAUDON:

18 Yes. We wouldn't be prepared to bring
19 them on board at the time that the school is
20 completed. It would be closer to a few weeks before
21 we get into our practice sessions and the test plan
22 before opening.

23 ATTORNEY CREANY:

24 And I believe it was your testimony ---
25 you were talking about your commitment to meeting the

1 residency requirements, and in fact, senior staff that
2 aren't living here are going to be establishing
3 residency in the Commonwealth, but with those in
4 dealer school do you see people that are in that
5 Fayette, Washington County area as the enrollees at
6 this point?

7 MR. LAUDON:

8 We do, yes.

9 ATTORNEY CREANY:

10 And do you anticipate bringing any ---
11 maybe people with prior experience at other casinos on
12 as well?

13 MR. LAUDON:

14 Well, we'll need to for supervisory work
15 so they can meet the required hours of experience.

16 ATTORNEY CREANY:

17 From one of the slides that you had, one
18 of the early slides, as layout of the gaming floor you
19 had those table games down the center. At this point
20 in time is there any thought about adding any sort of
21 high limit areas or segregating off some tables?

22 MR. LAUDON:

23 We do have a high limit room. It has
24 four Blackjack tables in it. It is a secluded room
25 off of the casino floor. There is an entrance. There

1 is no door that can close, but it does offer some
2 privacy.

3 ATTORNEY CREANY:

4 Okay. With respect to the building ---
5 I know this was an existing building that you're
6 retrofitting for the casino with some additions to it.
7 Does it have any ability for expansion down the road
8 if you have the success that we all hope you have?

9 MR. LAUDON:

10 Well, that's a construction question. I
11 would assume that any building could --- at a cost,
12 could be expanded, but it'd be some challenges to
13 that.

14 ATTORNEY CREANY:

15 But there's no dead space in the
16 building right now unused; is that ---?

17 MR. LAUDON:

18 There is not.

19 ATTORNEY CREANY:

20 Under the plan? Okay. Those are all
21 the questions that I had, Chairman Ryan. At this
22 point the OEC has no objection to the granting this
23 petition. However, we did recommend in our Answer
24 that if it's granted we have a series of 18 conditions
25 that we think would be appropriate to consider when

1 the Board makes its decision on this matter.

2 CHAIRMAN:

3 And I would gather that Woodlands has no
4 problem with those conditions?

5 ATTORNEY KIRCHER:

6 Those conditions are acceptable to us,
7 yes.

8 CHAIRMAN:

9 So nothing else from OEC?

10 ATTORNEY CREANY:

11 No, sir.

12 CHAIRMAN:

13 Anyone from the Board have a question?
14 Greg?

15 MR. FAJT:

16 Thank you, Mr. Chairman. Mr. Laudon, I
17 think maybe this --- these questions are probably most
18 directly --- should be directed to you. Talk to me a
19 little bit about smoking and non-smoking. It is the
20 number one complaint that we on this Board receive
21 from any patron in any casino in Pennsylvania. And
22 the complaint goes like this, I'm a non-smoker, I walk
23 into the casino, the first thing I smell is smoke.

24 I go and sit down at my slot machine in
25 a non-smoking area. The smoking area is where

1 Annmarie is, so it blows over on me. Or somebody
2 walks by and is smoking, and you know,
3 indiscriminately blowing smoke over in my face and
4 nobody enforces it. Have you made decisions yet as to
5 how you will delineate smoking versus non-smoking
6 sections both as to slot machines and to table games?
7 Have those decisions been made yet?

8 MR. LAUDON:

9 Yes. I'll begin to answer and then I'll
10 ask Arnold Block to kind of finish. First of all, as
11 everyone knows we're retrofitting an existing
12 building. Fortunately the building that we have has
13 very high ceilings. That's a good thing. We are
14 opening with 50 percent no smoking. The restaurants
15 and what --- we have a lounge. You know, you can kind
16 of see ---.

17 MR. FAJT:

18 I was looking for that earlier and
19 I ---.

20 MR. LAUDON:

21 At the top is the entrance. At the
22 bottom of the slide shown is the restaurant Otis and
23 Henry's. To the left of Otis and Henry's is the
24 lounge. So, those two food and beverage areas are no
25 smoking. The rest of the remaining no smoking casino

1 floor will be adjacent to that area. This is where
2 Arnold might be better verse to say. We're getting a
3 tremendous HVAC system that he can speak to.

4 MR. BLOCK:

5 Yeah. So, as Rich mentioned, this is
6 one big space with high ceilings. The fact that the
7 restaurants are non-smoking we intend to make the
8 gaming area adjacent to the restaurants and bar,
9 non-smoking as well. So, as you travel up towards the
10 entrance that whole area would be non-smoking and it
11 would take in part of the table games.

12 MR. FAJT:

13 And in looking at that if you're leaving
14 Otis and Henry's and walking toward the porte-cochere
15 are you saying on the left hand side of all that is
16 non-smoking?

17 MR. BLOCK:

18 Correct.

19 MR. FAJT:

20 And then consequently on the right hand
21 side, all of that is smoking?

22 MR. BLOCK:

23 Correct.

24 MR. FAJT:

25 Okay.

1 MR. BLOCK:

2 Yeah. So, we get to the 50/50 balance.
3 We have oversized HVAC units that we've designed for
4 the building with the intention of being able to
5 supply about 50 percent outside air, which is more
6 than normal. So, we will exchange the air more
7 frequently than it normally is and then the units are
8 designed to add a special filter system for smoke with
9 special filters so if we don't feel that the exchange
10 of air that we've designed is adequate we can go in.
11 There's about a \$300,000 additional part that can go
12 on these exchangers and electrostatically filter the
13 air even better than it's designed now.

14 MR. FAJT:

15 Okay.

16 MR. BLOCK:

17 So we've taken a lot of it into
18 consideration in trying to do --- given the whole
19 space to make sure that our customers are comfortable.

20 MR. FAJT:

21 But the fact that you are designating
22 half of the casino non-smoking, half smoking I think
23 will help, but again, what we hear is, you know, when
24 people, you know, start to move around machines and
25 file different OPs with us, you know, they start to

1 mix and match the smoking and non-smoking where it
2 literally is right next to, you know, smoking slots or
3 smoking tables and that causes a problem, and you
4 know, I plead guilty to not paying enough attention to
5 that, but given the fact that you are starting a new
6 casino I'm going to be paying attention to that.

7 MR. BLOCK:

8 And the other thing is we will design
9 --- we are designing the floor in such a way that
10 there is a good mix of slot product in the smoking and
11 non-smoking so people don't have to travel to the
12 smoking area in order to find the game that they like
13 to play. So, we're taking everything into account for
14 the non-smoker and their comfort.

15 MR. FAJT:

16 Great. Thank you. Second question,
17 this 350,000 guests that Mr. Plummer's talked about.
18 How are they counted? Is every skier that comes in a
19 guest, is every golfer that comes in a guest, is every
20 person that comes into the spa counted as a guest? Is
21 a condo owner counted as a guest 100 days a year
22 assuming that they stay in their condo 100 days a
23 year? If you could, just give a little bit more
24 detail on that, Mr. Plummer.

25 MR. PLUMMER:

1 Yeah, absolutely. Basically we do about
2 75,000 room nights a year and the average --- two
3 people in a room, so there's 150,000 of it, and then
4 there's also the golf round, which is about 40,000.
5 Meeting and convention space is --- and all of the spa
6 visits that we have, so it's basically a combination
7 of all the covers that we're doing per year.

8 MR. FAJT:

9 Okay. Thank you. Which amenity draws
10 the most guests?

11 MR. PLUMMER:

12 The hotel. I mean, the room nights, of
13 course, the lodging options are number one and then
14 our spa, golf. It really is a solid mix of everything
15 that we do is well attended by everybody, but
16 definitely the lodging property is the most.

17 MR. FAJT:

18 Great. Okay. One last question. I
19 think maybe, Mr. Laudon, if you can answer this. My
20 last question is about your marketing plan. We all
21 know that, you know, Fayette County is not a
22 metropolis of people and we also know that casinos do
23 well the more people that are located around there and
24 the more people that visit. Hence my question's about
25 the number of guests. You are going to be challenged

1 because of where you're located. We realize this is a
2 resort/casino, it's another amenity so it's different
3 than a Category 1 or Category 2.

4 Can you talk a little bit about what
5 you're doing in your marketing plan? And
6 specifically, you know, is it geared more toward the
7 table game players, the high end table game player
8 versus a, you know, day to day or week to week slot
9 player? Give us a little bit of detail on that.

10 MR. LAUDON:

11 Well, certainly. First of all, it's
12 creating a database, and that's what the first few
13 months will be, you know, the marketing efforts will
14 --- to get customers to become members, what we'll
15 call our fan club, which we get their mailing address
16 and then we --- they use their fan club card as many
17 of the casino operations do in Pennsylvania throughout
18 the United States. And that enables us to give us
19 information about their daily theoretical
20 profitability that, you know, they're worth to us as a
21 customer. That establishes what we can do to incent
22 them to return again.

23 Certainly we're going to, you know, go
24 --- we want every customer we can. We'll look at our
25 competitors in the Pittsburgh area, our competitors in

1 West Virginia, look at new areas, Uniontown.
2 Morgantown in West Virginia as well will be a good
3 solid base as well. In answer to, you know, will we
4 go after table games more than slots? Not
5 necessarily.

6 It's really when we get the data from
7 how these customers play we kind of look at what
8 they're worth and how profitable it is and we can
9 incent them to return again. And certainly
10 establishing as we open there'll be a lot of external
11 advertising that'll be done to announce our arrival to
12 the market.

13 MR. FAJT:

14 How are you going to cross market the
15 casino with, say, the golfer or the skier?

16 ATTORNEY KIRCHER:

17 Maybe I can address that. We have
18 submitted our gaming floor access plan to the Board
19 for approval and hopefully that will come up for ---
20 before the Board for approval soon, and as part of
21 that access plan we have submitted requests for
22 approval of numerous memberships. And the memberships
23 are really the --- kind of the driving force to cross
24 market the amenities at the resort including the golf
25 course, the spa. And so when we look at the

1 memberships you'll see that there will be incentives
2 given to people to use who come to the casino, want to
3 use the casino to use those other amenities and vice
4 versa. So that's one way we'll be doing that.
5 Perhaps Rich would like to add to that.

6 MR. LAUDON:

7 Yeah, certainly. I mean, we got to be
8 very careful, as you know, that we do not send any
9 type of attractive or marketing materials to anybody
10 that could possibly be on the self-exclusion list.
11 And people who are golfers as --- you know, as the
12 question came, that we're sending information to them.
13 So, we're going to approach that very carefully and
14 screen everybody that we send material to.

15 MR. FAJT:

16 Thank you.

17 CHAIRMAN:

18 The training you indicated is between 5
19 and 11 weeks. That's a ---

20 MR. LAUDON:

21 Uh-huh (yes).

22 CHAIRMAN:

23 --- big span. Could you explain?

24 MR. LAUDON:

25 Sure, sure. Giving the students the

1 option --- the shortest amount of time would be for a
2 student who only wanted to learn Black Jack. After
3 that, you know, if they want to learn more games and
4 they --- we would accommodate that. Roulette school
5 would be another additional two weeks. People who are
6 in the Craps school, that lasts for six weeks and then
7 after they finish the Craps school if they want to go
8 back and learn Black Jack or enhance their skills they
9 can stay longer. That's where I have that range from
10 5 to 11 weeks.

11 CHAIRMAN:

12 Okay. And Lady Luck, is that going to
13 be unique to this property or is that a casino name
14 that your company has in various other places?

15 MR. LAUDON:

16 Isle of Capri has two brands of their
17 properties. One is Lady Luck and there are other Lady
18 Luck properties owned by Isle and then, again, they
19 also have the Isle of Capri brand that they have on
20 properties.

21 CHAIRMAN:

22 Thank you.

23 MR. GINTY:

24 I have one question. Valley Forge was
25 before us not too long ago and indicated that they're

1 having some issues with their cross marketing, that
2 they're not getting the business in their non-gaming
3 venues that they expected. Have you looked at Valley
4 Forge at all as an example or a study?

5 MR. BLOCK:

6 I have not, no. As Chris mentioned,
7 there are 15 restaurants in the great Woodlands
8 Nemaquin Resort. We're adding two restaurants that
9 we think will work very well for the casino patron,
10 but we think that there'll be an exchange between the
11 Lady Luck facility itself and the Nemaquin Resort.
12 We hope that there'll be a lot of that and certainly
13 between all those restaurants that we'll find
14 something that can cross market very well with our
15 customers. Back to Rich's question about --- the
16 question about the marketing.

17 I mean, our marketing will be targeted
18 to the Morgantown/Uniontown local customer and we
19 consider those to be our base and then the customers
20 that do come to the resort will be something that,
21 through our access plan, we will try to communicate
22 to. But our acquisition plan really will be focused
23 on the local customers, try to convert them to our
24 club and make them value our club and be frequent
25 customers.

1 MR. GINTY:

2 Well, you may want to take a look at
3 Valley Forge.

4 MR. LAUDON:

5 Okay. Sure.

6 MR. GINTY:

7 I mean, I would not think they would be
8 a competitor of yours in terms of geography.

9 MR. LAUDON:

10 Sure.

11 MR. GINTY:

12 They express some real issues. They put
13 in some --- added restaurants and so forth and they're
14 not getting ---

15 MR. LAUDON:

16 Sure.

17 MR. GINTY:

18 --- the business that they anticipated.

19 MR. LAUDON:

20 We'll do that.

21 CHAIRMAN:

22 Gary?

23 MR. SOJKA:

24 To follow on that question and I think
25 that Mr. Ginty's question's really the more

1 appropriate one because Valley Forge is in the
2 Commonwealth and faces many of the same challenges you
3 do, but there's another cut you can go to school on
4 and that's what's happened at Green Brier. There have
5 been lessons to be learned from that enterprise where
6 they are in many ways similar to you as a first class
7 resort, which after the fact added gaming and I
8 understand not are terribly successful. Are there
9 pitfalls you'll be able to avoid that they ran into?

10 MR. BLOCK:

11 We have not honestly studied the Green
12 Brier model that I'm aware of, but we can and see if
13 maybe there's some learning that we can find helpful
14 and useful as well.

15 MR. SOJKA:

16 There might be because there are
17 significant similarities between the parent resorts,
18 the Green Brier and Nemaquin, they're both
19 self-contained, both wide variety of activities and so
20 on. And then the additional gaming.

21 MR. BLOCK:

22 Sure.

23 MR. SOJKA:

24 One other question, again related to
25 Commissioner Fajt's question about smoking. We

1 discussed early on in your plan the way people would
2 get to the casino who happen to be overnight guests.
3 If they're coming on in their own car there's no
4 issue, but you have hotels and lodging places some
5 distance away. Some people will walk, but you are
6 going to provide transportation; right?

7 MR. BLOCK:

8 Correct.

9 MR. SOJKA:

10 Can I assume, I hope I can assume, and
11 this is complicated for you guys because you have that
12 truly world class cigar bar. It's a beautiful place.
13 Cigars take a long time to smoke. If I'm halfway
14 through my Havana Cohiba and I want to go gaming and I
15 want to take the bus do I have to put out my cigar or
16 do you have a smoking bus?

17 MR. BLOCK:

18 I believe you would have to put out your
19 cigar. I'm fairly certain that the transportation
20 would be non-smoking.

21 ATTORNEY KIRCHER:

22 But the shuttle buses run regularly and
23 frequently, so I think you could probably finish your
24 cigar and catch the next bus 20 minutes later.

25 MR. SOJKA:

1 Okay. Okay. Good.

2 MR. FAJT:

3 Just a point of clarification. You had
4 mentioned before on the smoking, that it was 50/50. I
5 actually think the law says it has to be 25 percent to
6 start out and can move to 50 percent when you meet
7 certain criteria. So, I just wanted to make sure
8 you're aware of that.

9 MR. BLOCK:

10 Okay. Thank you.

11 CHAIRMAN:

12 Okay. Any other questions from the
13 Board? Ex Officio members? Anything else from the
14 parties?

15 ATTORNEY KIRCHER:

16 No.

17 CHAIRMAN:

18 No. Okay.

19 MR. BLOCK:

20 Nothing else. Thank you.

21 CHAIRMAN:

22 Thank you. This matter's now closed.

23 ATTORNEY KIRCHER:

24 Thank you. Thank you very much.

25 Appreciate it.

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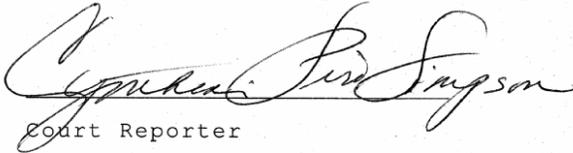
HEARING CONCLUDED AT 10:42 A.M.

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CERTIFICATE

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I hereby certify that the foregoing proceedings,
hearing held before Chairman Ryan was reported by me
on 2/20/2013 and that I Cynthia Piro Simpson read this
transcript and that I attest that this transcript is a
true and accurate record of the proceeding.


Court Reporter