

COMMONWEALTH OF PENNSYLVANIA

GAMING CONTROL BOARD

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IN RE: VALLEY FORGE CONVENTION CENTER PARTNERS, LP,

CATEGORY 3 LICENSE RENEWAL

PUBLIC HEARING

* * * * *

BEFORE: WILLIAM H. RYAN, CHAIRMAN
Gregory C. Fajt, Keith R. McCall, Anthony
Moscato, David W. Woods, Richard G. Jewell
Robert P. Coyne, Representing Eileen
McNulty, Secretary of Revenue, Jorge
Augusto, Representing Russell Redding,
Secretary of Agriculture, Jennifer Langan,
Representing Timothy Reese, State Treasurer

HEARING: Wednesday, September 23, 2015

LOCATION: Strawberry Square Complex
303 Walnut Street
2nd Floor
Harrisburg, PA 17106

Reporter: Derrick Ferree

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CHAIRMAN:

We have one hearing scheduled for today. That's the Category 3 License Renewal of Valley Forge Convention Center Partners, LP. I would ask the representatives from Valley Forge to come forward and also the Office of Enforcement Counsel (OEC).

Mr. King, I assume that you will be at least speaking first on behalf of Valley Forge. Would that be correct, sir?

ATTORNEY KING:

I will, sir.

CHAIRMAN:

Are there any witnesses who will not lawyers you intend to call upon?

ATTORNEY KING:

Yes. In fact, even though Mr. Pickus is a lawyer, I'll ask him to be sworn as well, Alex, Janet, Barb, if you would all stand to be sworn in.

WITNESSES SWORN EN MASSE

CHAIRMAN:

Thank you very much. Mr. King?

1 ATTORNEY KING:

2 Chairman Ryan, members of Board, good
3 morning, nice to see you again, Adrian King from the
4 Ballard Spahr firm. And I'm here on behalf of the
5 Applicant for license renewal which is Valley Forge
6 Convention Center Partners, LP. That's the business
7 name. As you know, we trade as Valley Forge Casino
8 Resort.

9 Let me just say that we will attempt to
10 be concise today. Some of the information that we'll
11 present you've heard at the public input hearing,
12 which was in April in Upper Merion Township. But we
13 are pleased to be here today in what will hopefully be
14 the final step of the license renewal process.

15 Again, let me just introduce everyone so
16 you understand who's going to be testifying and who is
17 present to answer questions. First, we have Mr.
18 Robert Pickus who is the Executive Chairman of the
19 Board; James Rigot who is our new President and CEO
20 who began in July. That is one difference from when
21 we were before you in April. Alex Figueras, who's our
22 Vice President of Finance; Janet Maugans, who is our
23 compliance manager; and Barbara Evans who is a
24 representative of the ownership group.

25 We did not bring Gib Morrissey who

1 you've met in the past who's the head of security
2 because he had a conflict with --- actually, I think
3 he's presenting at an insurance fraud conference
4 today. And I don't know if we can get the slides up.
5 Thank you, sir.

6 So, very briefly, just our agenda today,
7 I'm going to ask Jim to introduce himself. He's going
8 to do that in one moment. Let me apologize that we've
9 not that earlier, but with the summer schedule, Jim
10 starting in July and then finding out that our hearing
11 was being scheduled in September it just made sense to
12 wait.

13 I want to give, again, everybody a
14 little bit of a background, and especially to Mr.
15 Jewell, as you're joining the Board and you've not had
16 experience with this Applicant. I think it will be
17 helpful also to understand a little bit where we've
18 come from on this project, so we'll go through the
19 development timeline.

20 Talking about economic impacts, the
21 workforce development and diversity. We'll go into
22 enhancements to compliance functions. We'll talk
23 about our compulsive and underage gaming program, what
24 we do there. We'll talk some more about our good
25 neighbor commitments and community service. We're

1 going to talk about facility improvements from when we
2 started, where we are now, where we're going in the
3 future. And last we'll wrap up with tourism impact
4 which is important and unique to the Category 3
5 license as that was part of its legislative intent for
6 creation of that category.

7 We'll conclude --- on the slide in front
8 of you, it does say we'll introduce our community
9 speakers, but unfortunately, that's an error. We will
10 not be bringing them back from the last time.

11 CHAIRMAN:

12 We appreciate that.

13 ATTORNEY KING:

14 Yes. So, now let me just get started
15 with asking Jim to introduce himself, talk a little
16 bit about his background and what his plans are.

17 MR. RIGOT:

18 Good morning, Chairman, Commissioners,
19 Board Members. My name is Jim Rigot. I am the new
20 CEO and President of Valley Forge Casino. As Adrian
21 alluded to, I started July 1st, so so far so good and
22 nobody's asked me to leave as of yet, which is a good
23 thing.

24 Anyway, what I want to do today and I
25 appreciate the opportunity to be here to share with

1 you some of my background and to answer any questions
2 that you might have.

3 Last month we had a visitor, an
4 entertainer called Don Rickles. And the reason why
5 I'm bringing him up, Don and I go back 40 years and I
6 had an opportunity to spend some time with Don at the
7 property and reminiscing. And to make a long story
8 short, Don Rickles performed at the Sahara when I was
9 working in Las Vegas free. And he performed in a
10 lounge act.

11 And we were talking and I said, isn't it
12 amazing, you've come a long way. At that point in
13 time, he was performing a lounge act and in the main
14 show room was Frank Sinatra and the Rat Pack, Frank
15 Sinatra, Joey Bishop, Dean Martin and Peter Lawford.

16 So, anyway, to make a long story short,
17 I said they should have gotten Frank's --- you know,
18 his agent because he was getting paid in the showroom,
19 and he got a kick out of that. And to make a long
20 story short, Frank obviously has since passed on, but
21 guess what, he inherited Frank's agent so now
22 consequently he's getting paid. So, I've been in the
23 business four decades. I bring that up only to allude
24 to the fact that's when I started my career.

25 A little bit of background, myself, I

1 grew up in the Trenton area and went to school,
2 Blessed Sacrament, graduated from Blessed Sacrament in
3 '66, went on to Hun of Princeton and graduated from
4 there in '70. While a young adult growing up in
5 Trenton, I had the opportunity to learn craps and
6 black jack and shoot pool and go to all the racetracks
7 and so forth and so on, so I really got my
8 introduction to casino gaming at a very young age.

9 After school, I joined the Air Force,
10 went in the Air Force for four years. The Air Force
11 took me to San Antonio, Texas, Colorado. I went
12 overseas to the Philippines and Japan, came back to
13 Albuquerque, New Mexico, for my final stint.

14 And after four years and honorable
15 discharge, I headed to Las Vegas. There I met a
16 fellow by the name of Sam Boyd. And while I was
17 attending UNLV --- and Sam Boyd, for those of you who
18 don't know, was one of the original pioneers, he and
19 Jackie Gaughan and Binion and so forth, I happen to
20 meet all those individuals. But Sam Boyd I went to
21 work for and that's where my career started. And he
22 really took a shine to me and educated me as far as
23 the whole gaming aspect. I learned table games, the
24 slot operation, the master bank, employee bank. I did
25 the soft count, hard count, et cetera. So, it was a

1 great introduction to the industry.

2 At any rate, from Nevada I went to
3 Atlantic City. From Atlantic City, I went to
4 Connecticut, worked for the Mohegan --- I mean,
5 Foxwoods, the --- up in Mashantucket Pequot. And then
6 I went to --- came back to Atlantic City and opened up
7 a little store called the Borgata. And from Borgata,
8 I went back to work for Donald for the third time at
9 Trump Plaza. And to make a long story short, I ended
10 up recently in Louisiana, and from Louisiana, I'm now
11 at the Valley Forge.

12 So, my resume's up there. I want to say
13 that I bounced around for, you know, quite a bit. I
14 couldn't hold a job, as you can see. But I've been in
15 the business like 40 years. I have quite an
16 experience and a lot of education as far as the
17 industry's concerned that I've acquired over the
18 years. And I'm glad to bring that now to Valley
19 Forge. So, I'm looking forward to a long
20 relationship.

21 I congratulate our ten-year recipients.
22 I look forward to working with your staff members.
23 I've always found, you know, it beneficial, obviously,
24 to have a good relationship with the regulators. That
25 helps the cause.

1 So, I'm looking forward to a long
2 relationship. So, if you have any questions at all,
3 I'd be happy to go ahead and answer them. I do have a
4 few business cards I will leave you, not to impress
5 you with my business card, but to welcome you to
6 Valley Forge. So, if you're ever in the King of
7 Prussia area, I encourage you to stop by, I'd be happy
8 to give you a property tour and to show you the
9 property if you haven't had an opportunity to visit
10 our property. It's a pretty neat little property
11 there and I'm excited to be a part of it. Thank you
12 very much.

13 ATTORNEY KING:

14 Thanks, Jim. So, next slide, again,
15 just to orient everyone, and it's somewhat apropos
16 that we've done the ten-year awards and we've thought
17 about where the Gaming Control Board has come from the
18 beginning as it was stood up in the late summer of
19 2005.

20 And the reason I relate back to that is
21 I think you'll recall that we got off to a bit of a
22 rocky start here in Pennsylvania with the Category 3
23 licenses, which was --- there were two original
24 applicants with, I guess, Nemacolin and Seven Springs,
25 that were sort of lining up, and there may have been

1 some others back then, to apply for the original Cat 3
2 license. And low and behold, both of those applicants
3 withdrew their applications, and in December of '06
4 when the 1 and 2 licenses were granted, the 3s were
5 not and they were sitting out there.

6 So, we then got into another phase after
7 the Cat 1 and 2 licenses were awarded where the 3s
8 were put back out for application. And that began in
9 June of '07. There were eligibility hearings in
10 October of '07, there were public input hearings in
11 May of 2008. And then we had our suitability hearing
12 for this property in October of 2008. And then low
13 and behold the bottom fell out of the world which was
14 the global credit crisis. There were probably about
15 --- if I recall correctly, probably about four
16 applicants, four or five for this license. And there
17 was great concern that any of these applications could
18 go forward.

19 And the Board, I think smartly, reopened
20 the application analysis period to do some additional
21 homework on financial status. We submitted some
22 additional financial information in February of '09
23 and I think you'll recall for those who were on the
24 Board or those who've looked at our history, this
25 application was the only one that moved through.

1 There were, again, four or five applicants for the two
2 licenses.

3 This is the only one that proceeded,
4 moved forward. And the reason for that was because
5 our principal owner, Ira Lubert, was brave enough to
6 put his entire net worth, his balance sheet, up to
7 back this project. And so the project moved forward,
8 the license was awarded in April of 2009. We went
9 through an appeal process and finally after it was
10 quite the ordeal, almost four years later the Supreme
11 Court issued a decision. The award of license was
12 final.

13 And then in March of '11 to March of
14 '12, over a one-year period, this ownership group
15 invested \$145 million to renovate the Valley Forge
16 Convention Center and the two hotels and we had the
17 grand opening in March of '12 for the Valley Forge
18 Casino Resort. And here we are today with three years
19 of operation under our belt seeking to be relicensed.
20 So, that's the brief timeline.

21 So, the next slide, if we could, let's
22 get into kind of what have we produced, what have we
23 achieved over the three years that's relevant to a
24 decision to relicense. The first is, if we go through
25 our tax contribution under the Act and generally

1 speaking, as you'll recall our numbers are going to be
2 a little bit less than the 1s and the 2s. We're
3 statutorily limited to 600 slot machines and 50
4 tables. But if you look at the slot tax, the table
5 gaming tax, some of the licensing fees, other taxes
6 generated from construction, other nongaming taxes,
7 overall, we've put on the board \$125 million in taxes
8 through 2014. That's not including obviously what
9 we've done through 2015.

10 Next slide, these are some of the one-
11 time economic impacts attributable to the construction
12 spending, the renovation of the project. Let me just
13 point out, maybe anticipating a question from the
14 Bureau of Investigations and Enforcement (BIE) and
15 Enforcement Counsel that the Montgomery County figures
16 are incorporated into the Commonwealth number, but
17 that's just to show the local impact as opposed to the
18 statewide impact.

19 But based on those figures, the economic
20 impacts you'll see total output --- I'll just go
21 through the Commonwealth numbers, \$113 million. We've
22 got direct expenditures of 50.7 and indirect and
23 induced expenditures of 63.3. Those numbers again are
24 all substantiated in the Economic Impact Report that
25 we commissioned from Econsult, that's part of the

1 record that you can review if you so desire. Our
2 total employment, and these are full-time equivalent
3 numbers, we've gone from 357 to 866 and then earnings,
4 \$37.3 million.

5 If we could go to the next slide, some
6 of the local tax impacts, just going into Montgomery
7 County and our host township. I won't belabor going
8 through all the numbers specifically, but the total,
9 \$12.5 million over the study period of '11 through
10 '14.

11 Next slide just trying to show some of
12 our ongoing economic impacts from the casino. I'll
13 let those kind of stand on their own, let you digest
14 those.

15 Go the next slide, let's talk a little
16 bit about our workforce, both how we've developed and
17 our diversity. This slide has changed a little bit
18 from the public input hearing in April only because
19 from the prior slide I gave you full-time equivalence,
20 but we changed this slide to be consisted with some of
21 the reporting you're getting from Mozelle Daniels'
22 shop. And so what we wanted to show here was all
23 jobs.

24 So, this number, this 1,063, is
25 inclusive of both part-time and full-time equivalent

1 full-time jobs. But you can see the substantial
2 growth that the casino has been able to generate from
3 where the property was previously to where it is now.
4 A great success.

5 Going to the next slide, I just want to
6 show some of our diversity figures. This is among all
7 employees, part time and full time, male at 59
8 percent; female at 41 percent. With respect to
9 ethnicity, race, we have white, 54 percent; African-
10 American, 23 percent; Asian, 15; and Hispanic, 8.
11 We've given you some further breakdown in terms of how
12 those demographics work across the executive ranks,
13 supervisory ranks and across all of our professionals.

14 Next slide, purchasing, and again, this
15 is data that's also consistent with the reporting that
16 you've gotten, again, from Mozelle. We have --- we've
17 laid out in terms of our gaming service providers ---
18 we're trying to demonstrate here that we've made our
19 best efforts to be diverse to use minority and women-
20 owned business where we have been able to do so. And
21 then we've done --- broken out the same on our
22 construction numbers as well.

23 And then also, just to point out, in
24 addition to the MBE and WBE, we've tried to use local
25 suppliers as much as possible. And again, those would

1 be businesses located either directly in our host
2 county municipality or immediately adjacent. And I
3 think you can see that we've had a great impact
4 locally around our property.

5 So, let's go to the next slide which we
6 want to talk specifically about enhancements to
7 compliance functions. Again, I want to be very clear
8 and acknowledge that I've had a couple of rocky
9 moments with the startup of this particular property
10 with some compliance issues. I think that we all
11 acknowledge that mistakes were made.

12 We've made best efforts to correct
13 those, although I would like to also say that I don't
14 think anyone realized how challenging it would be to
15 have sort of a separate rulebook or playbook with
16 respect to the Category 3 license with respect to the
17 access patron of the amenities requirement, which is
18 really unique to Pennsylvania. I guess you could say
19 it's somewhat based on West Virginia and the
20 Greenbrier, but it's been a challenge.

21 But I think that we were the first, kind
22 of the shakedown crews for the state, so to speak, to
23 get up to speed on this. We've now been working ever
24 more closer with the Board staff and I think we're in
25 the right place now. But we want to put the past

1 behind us and move forward and we're going to continue
2 to do a good job on these issues.

3 But let's go quickly with just some of
4 the things that we did to address those problems. We
5 brought in Mr. Pickus as the new Executive Chairman of
6 the Board. As you all know from meeting him before,
7 even back to the application of the Trump organization
8 in 2006, he is a long-time experienced gaming
9 executive of several decades, which I'm sure he's
10 appreciative that I'm reminding everyone of.

11 MR. PICKUS:

12 Thank you.

13 ATTORNEY KING:

14 We switched out Regulatory Counsel.
15 Myself and my firm rejoined the Valley Forge team, I
16 guess about a year ago. We've replaced and increased
17 staffing of our compliance department, and Janet is
18 now spearheading that and you've met her and some of
19 her staff members. We brought in new leadership and
20 staffing in the marketing department.

21 I think we told you before that one of
22 the lessons learned was that we always need to make
23 clear that compliance always takes the lead, leads the
24 way as our spearhead, number one, that marketing is
25 not going to play that role. And so that's a lesson

1 that was learned and that will continue to be
2 followed.

3 We have really, I think, enhanced our
4 training for our staff with respect to access. And
5 I'd like to think we have multiple layers of control
6 that's helpful. And the good news there is I think it
7 helps us, although we have problems that everyone has
8 with underage gaming and folks who are on the
9 restricted list. But I do think because of the
10 controls we need for access, I do think that helps us
11 in those areas as well.

12 We've made improvements to our data
13 collection, how we track access through our gates from
14 the access perspective. We've expanded our ethics
15 training, we have a compliance hotline.

16 And I think you've gotten a real good
17 feel for Gib Morrissey, who's our Security Director.
18 You saw him at the public input hearing. I think you
19 heard back at the last hearing he was a couple days
20 from hosting actually a security directors' conference
21 for security directors from all the casinos. So,
22 we're really trying to take the lead and I think we
23 have. And we're going to continue to do so.

24 And I know Jim understands the
25 importance of it. He's been fully briefed up on the

1 past, the present, the future. And he is also fully
2 invested in what we need to do to make sure we're
3 always in compliance.

4 Next slide, I want to talk briefly about
5 compulsive and underage gambling prevention. This
6 really piggybacks on what we just talked about, but
7 this continues to be, as I know all of our brother and
8 sister properties do, this continues to be a key goal
9 and objective to keep underage and compulsive gamblers
10 out of our facility.

11 I think the biggest most important piece
12 of this slide is we spend on average \$10,000 a year on
13 training. And that training is for everybody, every
14 employee, not just customer facing staff. So, these
15 are folks who are --- everyone is trained to make sure
16 they understand we're not only looking for people who
17 are obviously underage, but also folks who seem to be
18 having a problem with respect to compulsive gambling.
19 And obviously, we're trying to keep people who are on
20 the restricted list out of the facility.

21 You know, I do want to just take this
22 opportunity to make one point which is, and I note
23 that the Board necessarily does not always want to
24 take positions on legislation, but I think this is a
25 good time for us to throw a pitch in.

1 One of the things that we would like to
2 see the General Assembly do is to follow the model
3 that's used in New Jersey and that is used with
4 respect to minors who are engaged in the consumption
5 of alcohol. And that is we believe there need to be
6 consequences to underage individuals who attempt to
7 gain access to gaming facilities. We will continue to
8 do everything that we can do to keep these people out,
9 but we do think there need to be consequences.

10 So, in New Jersey, if you attempt to
11 access a casino illegally --- every facility's having
12 problems with fake IDs, borrowed IDs, et cetera. And
13 you are caught, you are putting at risk your driving
14 privileges. That happens in New Jersey and that is
15 also something that is consistent with how if you were
16 a minor and you were caught underage drinking, you
17 also put at risk your driving privileges.

18 From a policy perspective, again, this
19 is argument we'll make to the General Assembly. If we
20 really truly want to keep underage people out of these
21 facilities, we need to broaden the penalties. We
22 obviously are held responsible. We pay fines,
23 everybody does. But we also think there needs to be
24 on the other side. I don't know if Jim ---.

25 MR. RIGOT:

1 I just want to interject one thing,
2 Adrian. On October 6th, the Pennsylvania House
3 Subcommittee is going to be meeting hearing this very
4 issue and we're going to have an opportunity to
5 testify in front of them. Gib, who you alluded to, is
6 going to be our representative and he's going to share
7 with them our recommendation.

8 So, I think that will be helpful
9 hopefully.

10 MR. JEWELL:

11 Counselor, I have a question.

12 ATTORNEY KING:

13 Yes, sir.

14 MR. JEWELL:

15 Could you expand a little more on put at
16 risk as happens in New Jersey, what that phrase means?

17 ATTORNEY KING:

18 Well, what I'm referring to, sir, is
19 again, it gets driving privileges for an underage
20 person. So, in New Jersey, if you're caught trying to
21 access a casino property, again using a fake ID, using
22 a borrowed ID, the consequence for that individual,
23 that minor, is they can have their driver's license
24 privileges suspended.

25 MR. JEWELL:

1 So, they don't have to be on the floor
2 consuming alcohol underage necessarily, just the fact
3 that they've entered the floor underage?

4 ATTORNEY KING:

5 Yes. And again, it gets back to, you
6 know, they're trying to effectively perpetrate a fraud
7 on the casino by using fake credentials to get in.
8 And it's just another way to incentivize them to not
9 even come or try to get in.

10 Let's move on to maybe a more pleasant
11 topic. And that is with respect to are we a good
12 community partner in Upper Merion Township. I think
13 you heard from the last time and what you've seen is
14 at the beginning of our project here to create the
15 Valley Forge Casino Resort, upfront we contributed
16 \$625,000 to the Township for traffic improvements.
17 That was increased, the original number that was
18 committed was \$415,000.

19 And then importantly, I think what's
20 really important for us is, we make an annual
21 community benefit contribution. It's adjusted upward
22 every year based on the CPI. And it was initially
23 \$75,000. In 2014, it was \$142,500. That money goes
24 into a fund, which I'm going to talk about in a
25 minute.

1 Also our initial commitments, we've made
2 some improvements to the parking facilities. We have
3 a lot, a large lot. We did some joint training with
4 emergency services in the Township. And we also made
5 sure that we put in specialized equipment into the
6 facility to ensure the police radio and cell phone
7 reception worked within the facility in the event of
8 an emergency.

9 So, those were some of the things that
10 we worked with, with the Township, and emergency
11 service providers to make sure that we were ready to
12 go when this facility opened.

13 I talked about, again, briefly the
14 Community Assistance Board. We call it the Board of
15 Community Assistance. To date, we've contributed
16 nearly half a million dollars. That makes a variety
17 of awards to community groups, to youth sports
18 organizations. And we also grant scholarships. To
19 date, we've done 52 grants, 36 scholarships. I think
20 it's a great program.

21 Next slide. This is just a list to give
22 you a sample of some of the organizations that have
23 benefited from the Board of Community Assistance,
24 again, that we're funding. And you go from everything
25 from the convention and visitors bureau to the

1 optimist club, to various youth sports groups, to
2 elementary schools, to the zoo.

3 It's really turned out to be, I think, a
4 very --- a very nice outcome for the immediate
5 community that hosts this facility. And I think
6 everyone's very pleased with it.

7 MR. JEWELL:

8 I have a question, if I may. If I
9 understand this, you take your money, and you give it
10 to a third-party board that really triages the needs
11 and makes the allocation awards?

12 ATTORNEY KING:

13 Yes, sir. So, basically as part of the
14 process of opening, we entered into a contractual
15 agreement directly with our host township, which is
16 Upper Merion Township, they are that group. In
17 effect, they've created something called the Board of
18 Community Assistance.

19 MR. JEWELL:

20 So, they triage the needs as those needs
21 come in?

22 ATTORNEY KING:

23 Yep. And so it's --- but it's
24 governmental sponsored. I want to make clear, we have
25 a representative on that board, but it's really that

1 the Township that knows the needs of the community
2 best is leading the process.

3 MR. JEWELL:

4 Now, you increase the CPI year over
5 year; correct?

6 ATTORNEY KING:

7 Yes, sir.

8 MR. JEWELL:

9 What if, in a particular year, there'd
10 be really some extraordinary needs that occurred, is
11 that still governed by CPI --- well, I call it a cap.
12 Or would you be able and willing to put more on the
13 table for the BCA?

14 ATTORNEY KING:

15 Well, I think --- I think if there was
16 something extraordinary, I think we would discuss it,
17 but I don't know that I can sit here and tell you that
18 we would --- I can tell you that we would make a
19 commitment. Because that was something --- that would
20 be something that would have to go back to our
21 ownership group. Bob, I don't know if you want
22 to ---.

23 MR. JEWELL:

24 Frankly, needs, you know, like an
25 accordion, they get bigger and they get smaller. They

1 always get bigger, it seems. But it's a difficult
2 one, and some of our other properties, you know, deal
3 with this in a year over year way, rather than as I
4 understand this, this cap that's applied. I'm just
5 interested in how it works.

6 MR. RIGOT:

7 The only thing I would say is that we
8 get requests almost daily. And as we obviously ---
9 obviously, if we would have a year where we have an
10 exceptional year as you're alluding to, I think we
11 would be in a position to go ahead and give more than
12 what we presently give to the community.

13 But we give to a lot of charities, as
14 you can see, and that would probably expand if we had
15 a good year, and it contracts obviously if we have a
16 substandard year.

17 MR. JEWELL:

18 I would encourage you to be open-minded
19 on that.

20 MR. RIGOT:

21 Absolutely.

22 ATTORNEY KING:

23 If we can go to the next slide, which I
24 think may be somewhat helpful to answer Mr. Jewell's
25 question is, that number that I gave you, the 435,

1 that is a subset of sort of the overall number of
2 charitable contributions since opening of \$714,000.
3 And so in addition to this contractual obligation to
4 the Township to fund the Board of Community
5 Assistance, we're still doing charitable
6 contributions.

7 And I want to be clear, that's both cash
8 and in kind. I'll just give one example in kind.
9 Every year, we host --- the Montgomery County District
10 Attorney's Office sponsors a program with at-risk
11 youth, also trying to prevent child predators and
12 things of that nature. And they do an event every
13 year that we put on as part of our charitable
14 contribution.

15 So, that does --- you know, I think as
16 Jim said, that does allow us to be flexible and
17 consider things outside of the Board of Community
18 Assistance Process as well.

19 MR. JEWELL:

20 Do you --- one more question.

21 ATTORNEY KING:

22 Sure.

23 MR. JEWELL:

24 You do United Way, do your employees ---
25 the employees involved in the United Way, do you match

1 or incentivize the employees on their United Way
2 gifts?

3 MR. FIGUERAS:

4 Not currently.

5 MR. JEWELL:

6 Have you ever?

7 MR. FIGUERAS:

8 No.

9 MR. JEWELL:

10 I'd encourage you to think about that.

11 MR. RIGOT:

12 It's not unusual in the industry, but
13 three years young into this, we'll definitely consider
14 that going forward.

15 MR. JEWELL:

16 You don't have to do that full --- you
17 can move it up ---.

18 MR. RIGOT:

19 I'll tell you, though, and I'd be remiss
20 if I didn't say this. I've only been here two months,
21 and the employee --- the community of employees that
22 we have at Valley Forge, they're very giving. They
23 give their time, they give their resources.

24 I was really struck --- there is a local
25 church --- the food bank in Montgomery happened to be

1 dry this past summer. There was a church that reached
2 out to us and asked if we could go ahead and donate
3 canned goods. I tell you, within about ten days,
4 there was over 1,700, I think, non-perishable items
5 that were put together and delivered. And we
6 accommodated over 100 families.

7 So, I mean, those are the type of things
8 the employees do. They rise to the occasion.

9 MR. JEWELL:

10 Amen to that. Thank you.

11 MR. RIGOT:

12 Yes.

13 ATTORNEY KING:

14 All right. And then the last slide that
15 I have before I turn it over to Mr. Pickus, I'm
16 getting to this exact point, you know, in 2014 just
17 some of the tallies.

18 We had 400 employees doing volunteer
19 work for 26 events and charities. And the one thing I
20 just wanted to remind everyone of is, I think you
21 heard the testimony at the public input hearing about
22 we specifically targeted and made a partnership with
23 the Alzheimer's Association of Southeastern PA. And I
24 think you heard the testimony directly from their
25 executive director on how impactful and helpful that

1 is. So, I think we're very justifiably proud of a lot
2 of things that we're doing in the community.

3 So, with that, let me turn it over to
4 Bob, and Bob's going to get into some of the issues
5 with respect to facility improvements and future
6 investments.

7 MR. PICKUS:

8 Yes. Good morning again.

9 CHAIRMAN:

10 Sir, if you want to just state your name
11 and spell your last name, and your position for the
12 record, so the court reporter is clear.

13 MR. PICKUS:

14 Certainly. My name is Robert Pickus,
15 P-I-C-K-U-S. And I'm the executive chairman of the
16 board at Valley Forge.

17 CHAIRMAN:

18 Okay.

19 MR. PICKUS:

20 The first slide that's up here shows the
21 condition of the facility back when the license was
22 originally awarded. And as you can see, there can't
23 be --- the facility was a little tired and it needed
24 some help. And that was at least one of the reasons
25 why the ownership group applied for the Category 3

1 license was to enable it to use the catalyst of the
2 casino facility to help it consistent with the
3 legislative intent authorizing the Category 3s to
4 enhance the facility and make it a more attractive
5 facility for tourism, convention and other business.

6 Adrian alluded to the fact that after
7 opening the ownership group invested over 145 million
8 dollars, not just in establishing the casino facility,
9 but also in renovating the existing resort facility,
10 hotel rooms and convention space that was there.

11 And some of the slides that are up now
12 show some of those improvements that have taken place
13 since the award of the license. This slide also shows
14 mostly the casino, some new signage that is outside to
15 advise the public of the facility and different
16 amenities that are included.

17 The ownership group, though, didn't stop
18 at that initial investment. Every year, the ownership
19 group continues to invest depending on the year in the
20 neighborhood of \$4 to \$5 million dollars in capital
21 expenditures to make sure the facility remains
22 competitive and keeps moving forward.

23 One thing that happens in all
24 industries, but it's very unique, I think that ---
25 specifically for the gaming industry, is that you need

1 to always keep improving your offerings and your
2 facility. New competition comes online, whether it's
3 across state borders or within state, and things need
4 to be re-freshened and made new all the time.

5 One of those things that we did this
6 year, was the Valley Beach, which was a brand new
7 beach club, pool facility with dining and other
8 options that was developed, and which cost the
9 ownership group in excess of \$600,000. That opened
10 this summer. It's winding down now as fall is upon
11 us.

12 But its first summer was very
13 successful, we were very pleased with that operation,
14 and it was very --- it was accepted very well by the
15 public, and we're looking forward to expanding and
16 enhancing that again next year as an amenity.

17 Again, not stopping. We are currently
18 under construction to renovate one of our, like,
19 higher-end restaurants. We're bringing in a chef
20 who's, I think, going to bring a lot of new excitement
21 and product to Valley Forge, a gentleman named Luke
22 Palladino, he just opened a very, very successful and
23 acclaimed restaurant in Philadelphia. And we're happy
24 to bring him out here to our customers out in the main
25 line area.

1 Similarly, one of the other facilities
2 that we have, currently, well, called Deuces Wild,
3 which is kind of a country western themed bar, we're
4 going to update that, it's going to be called The
5 Vault, and our plan is to bring a lot of the same sort
6 of excitement and entertainment that we featured at
7 the Valley Beach during the summer and move that
8 inside so that we can maintain that level of
9 excitement and new offerings for our guests throughout
10 the year, not just limited to the summer months.

11 Briefly, I think most of you know this,
12 because of the Category 3 license, obviously we are
13 limited and do have a full complement of 50 table
14 games and 600 slot machines. Between our two hotel
15 towers, we have 485 hotel rooms and a significant
16 amount of convention and meeting space, the great bulk
17 of which, again, has been fully renovated since the
18 license was awarded. You can see here, again, just a
19 listing of the, you know, great number of restaurant
20 and bar offerings that we do offer.

21 One of the things that we are very proud
22 of at Valley Forge is the fact that we really offer
23 and we often use the tagline that we're the one
24 southeast Pennsylvania casino that really offers it
25 all, between hotel rooms, the convention facilities,

1 entertainment, which we'll talk to in a moment, and a
2 broad array of food and beverage offerings that we
3 really feel we bring, you know, a very, very
4 attractive product to the market.

5 One of the programs that we started
6 right at the end of last year, which has proven to be
7 very successful for us, is the reintroduction of the
8 Valley Forge Music Fair to the area. For those of you
9 who were around the Valley Forge Music Fair, in its
10 day, was a very popular and successful offering, not
11 at our location, it was at a different location, but
12 within the same general area.

13 That actually closed some time ago, and
14 we sort of re-launched that and have been able to
15 bring back not just the name, but the wide array of
16 entertainment offerings that that was able to provide
17 to us.

18 And you see here a listing of the acts
19 that we have had and will have since inception and
20 through the end of the year. One of the --- the act
21 that is at the very bottom of that list, if you can
22 read it, it's a little small, Kenny Rogers. We are
23 particularly happy to be having him back at the end of
24 this year. Kenny was the closing act of the original
25 Valley Forge Music Fair, so we've kind of come full

1 circle by bringing him back with his annual Christmas
2 show later this year in December.

3 And again, just briefly, I want to
4 highlight one of the goals, of course, when the
5 legislation authorized the Category 3s was to use the
6 licenses for those resorts that were awarded the
7 Category 3s to increase the tourism in their local
8 areas.

9 And you can see here on the chart with
10 the number of visitors where the numbers grew pretty
11 significantly, somewhat obviously the first year of
12 operation by, you know, 76 percent, that we were very
13 pleased that the following year, it grew four percent,
14 and we're on track just around that same range this
15 year. So, we continue to be very happy with the
16 growth and tourism that the facility brings to the
17 area.

18 And that ability to do that is, I think,
19 highlighted by some of the quotes that are up on the
20 board there. And the one that strikes me in
21 particular is the third one down where the tourism and
22 convention board specifically stated that the array of
23 nighttime and sports entertainment adds to additional
24 variety for entertainment options and really helps
25 them to broaden and get new businesses and new people

1 to come to the facility and to the area, to have that
2 tourism impact which is very favorable and consistent
3 with the legislative intent.

4 And with that, I will turn it back to
5 Mr. King.

6 ATTORNEY KING:

7 So, I'll just formally wrap up our
8 presentation, and then I imagine you may want to get
9 into the OEC, and then obviously, we can answer
10 questions as necessary. I'll keep this brief. I
11 think that, again, as Mr. Pickus stated, at the end of
12 the day, this is a success story. This project, the
13 Valley Forge Casino Resort is --- irrespective that
14 there are still some people who argue, but the Supreme
15 Court did rule that we are a resort facility under the
16 Act.

17 But my point here is, this is exactly
18 what the General Assembly intended. This amenity of a
19 casino facility took a convention facility that was
20 not --- it was fine, but it could be much better. And
21 it has really energized it, catapulted it forward.
22 You've seen the visitor increase that we've had. It's
23 been extremely significant, it continues to grow.
24 Growth is not like it was in the first year. It's
25 consistent with what we're seeing in the industry as a

1 whole, but it is significant.

2 You've seen the level of investment in
3 the facility, the continuing investment in the
4 facility. You've seen all the economic impacts that
5 have spun off because of that. Again, this is all
6 irrespective of the gaming tax. This is all additive.
7 You've seen the level of entertainment that's coming
8 into the area. Just this week, we were looking into
9 our database of customers, our recurring customers.

10 I think what's really impressive there
11 is we're seeing that 25 percent in that database is
12 coming from out of state, which is exactly again what
13 the Act intended with respect to this category of
14 license. And so it's been a great success. I think
15 you saw at the public input hearing that the support
16 for the facility in the local community couldn't be
17 stronger. There was literally not a negative word
18 said in April.

19 You've heard from Greg Phillips, who's
20 the Chairman of the Board of Supervisors for our host
21 township, extremely pleased with the partnership that
22 the Township has been able to have with the facility.
23 You've heard from Josh Shapiro, the Chair of the
24 County Commissioners, again, extremely supportive.
25 You've heard from Deidre Gibson, remember Deidre

1 Gibson being the Superintendent of Valley Forge
2 Historical Park, which is in close proximity. Some
3 people thought that would be a problem, hasn't been a
4 problem at all. Very supportive. She told you about
5 how we worked with the park service to make sure the
6 things we were doing would not be negatively impacting
7 the park, and they haven't.

8 You heard from Tim Briggs, our State
9 Rep, again very supportive. And then you heard from
10 the business community, you heard from Eric Goldstein,
11 who's the executive director of the King of Prussia
12 District, you heard from Ed Harris from the Convention
13 and Visitor's Board. And they told you how this has
14 really become a core or the base of all the tourism
15 and economic development that's going on in the Valley
16 Forge area, the King of Prussia area. It's been a
17 great success.

18 And just so you know, Mike Bowman, our
19 former president and CEO, has now become the president
20 CEO of the Convention and Visitors Board, so he's
21 still around and he's taken his experiences at the
22 property and he's trying to help continue to bring
23 that to a whole area to be successful. And then
24 lastly, you did hear from Wendy Campbell from the
25 Alzheimer's Association, who talked about the

1 partnership.

2 So, I think we'll just close by saying
3 that I think that we've accomplished everything that
4 the Act sought, intended, wanted an awardee of a
5 license to achieve.

6 And for all those reasons, I
7 respectfully submit that we should be relicensed. I
8 think just for administrative reasons at this point
9 I'd just like to move our PowerPoint into the record,
10 if there's no objection.

11 ATTORNEY STUART:

12 No objection.

13 CHAIRMAN:

14 It will be admitted.

15 ATTORNEY KING:

16 Great. And I'll close with that. Thank
17 you.

18 CHAIRMAN:

19 All right. Thank you, Mr. King. OEF?

20 ATTORNEY STUART:

21 Glen Stuart for the OEC. It's
22 S-T-U-A-R-T. I think I'm just going to ask some
23 general questions and then move back and kind of
24 refocus back on the PowerPoint, if that's okay.

25 ATTORNEY KING:

1 Sure.

2 ATTORNEY STUART:

3 Whoever from Valley Forge wants to
4 answer, you're free to answer.

5 Talking about just moving forward the
6 next three years if the license is renewed. Are there
7 any plans to add additional amenities or make any
8 other significant renovations to the casino or the
9 resort within the next three years?

10 MR. PICKUS:

11 Well, as we discussed in the
12 presentation, you know, we do have some ongoing
13 renovations currently for some of our food and
14 beverage and other outlets. We are actually in the
15 midst of beginning to look at our capital requirements
16 for next year, and we'll probably make presentations
17 to our board --- not this board, but our board later
18 this year with what we plan to do.

19 But without getting into necessarily
20 specifics, the plans are, I mean, in this business,
21 you have to keep making those improvements. You have
22 no choice. They're the right things to do for the
23 business owners, and for the guests and the employees.
24 So, we will continue, as I think you've seen, to make
25 those property enhancements that we feel are necessary

1 to be competitive.

2 ATTORNEY STUART:

3 So, would characterize those changes as
4 more refreshers as opposed to more high-profile things
5 like the Valley Beach?

6 MR. PICKUS:

7 At the moment, I would probably answer
8 yes to that question. But I don't want to dismiss the
9 possibility, because there are some things that we are
10 looking at that are more big picture, and sort of more
11 impactful that we may look to do in the next three-
12 year period.

13 ATTORNEY STUART:

14 Are there any plans to increase or
15 decrease the size of the gaming floor?

16 MR. PICKUS:

17 Well, we are, as we all know,
18 constrained by the legislation. And if that were to
19 change, we'd be happy to change with it.

20 But unless and until then, we are, you
21 know ---.

22 ATTORNEY STUART:

23 I mean like the square footage of the
24 gaming floor.

25 MR. PICKUS:

1 No.

2 ATTORNEY STUART:

3 Are there any plans to reduce the number
4 of table games or slot machines within the next three
5 years?

6 MR. RIGOT:

7 No, we're going to stay with the 50
8 table games and 600 slot machines.

9 ATTORNEY STUART:

10 Do you feel like that's working for you
11 guys right now, you're maxed out, that's working ---?

12 MR. RIGOT:

13 It's working. As Bob said, we are
14 constrained. Ideally, I'd like to have more than what
15 we have, but under the rules of the game, so to speak,
16 we are locked at 650.

17 ATTORNEY STUART:

18 How often does Valley Forge replace
19 older slot machines with newer slot machines?

20 MR. RIGOT:

21 We are going to stay pretty much
22 competitive and then the respect that the life cycle
23 of a slot machine varies. It's probably right now, as
24 an industry average, I would say about five years to
25 seven years, in that realm.

1 So, we're three years into this. We
2 have basically all new product. However, we intend
3 to, as we always do, look at the product.

4 And based on the performance, we'll make
5 the appropriate recommendations to our board and seek
6 the necessary capital to purchase or lease games.
7 Obviously, we have participation games, which we deal
8 with the vendors in that respect.

9 So, we're constantly looking to monitor
10 the win per unit to make sure that it's meeting our
11 standards and our expectations and we'll change out
12 underperforming or recommend to change out
13 underperforming units.

14 ATTORNEY STUART:

15 That kind of piggybacks on my next
16 question. Does Valley Forge lease, or they own their
17 slots? Or is there kind of a mixture of both?

18 And if you can kind of give us a range
19 on what's leased ---

20 MR. RIGOT:

21 I think we have ---

22 ATTORNEY STUART:

23 --- what's owned?

24 MR. RIGOT:

25 --- 70 machines that are participative,

1 so it's --- out of the 600 machines, were 7 --- 70
2 that are participative, and then obviously 530 are
3 owned.

4 ATTORNEY STUART:

5 So, by participative, you mean that they
6 are leased?

7 MR. RIGOT:

8 That's correct.

9 ATTORNEY STUART:

10 You kind of have a limit on the number
11 of table games you have --- table game options. Any
12 additions to the mix of table games that you see
13 coming down the pike?

14 MR. RIGOT:

15 Well, we constantly change it. For
16 instance, we have --- we just hired a new Asian host,
17 and they were able to go ahead and bring us Asian
18 clientele.

19 Now Asian clientele typically look for
20 games along the lines of baccarat, Pai gow poker,
21 tiles, Pai gow tiles. And so what we did is, we
22 changed out the mix, where we were heavy in blackjack
23 before and other novelty-type games to accommodate the
24 new influx of that business.

25 So, we're constantly monitoring the

1 floor, and once again, trying to do the right business
2 decision behind the mix.

3 ATTORNEY STUART:

4 Okay. Are there any plans to open a
5 poker room at this time?

6 MR. RIGOT:

7 Once again, we'd love to open up, but
8 the 50 --- the poker, as you well know, or maybe don't
9 know, but the poker is pretty much a fixed dollar
10 amount. The unit typically in poker, you're not going
11 to be able to go --- because of the way the poker game
12 is designed, the rake and so forth, the earning
13 potential on a poker table is roughly about \$1,000 or
14 less. And so our bank games are more profitable than
15 a poker table.

16 So, consequently, the answer to that is,
17 no, we won't be changing out any poker tables.
18 However, if we get relief down the --- absolutely,
19 we'd love to add a poker complement to our overall
20 product offering.

21 ATTORNEY STUART:

22 Are there any plans to increase or
23 decrease the number of staff for the casino and the
24 resort in general?

25 MR. RIGOT:

1 We're constantly monitoring our staffing
2 right now, you know, depending on what we offer. For
3 instance, Bob talked about Valley Beach, and we are
4 able to go ahead and add personnel to accommodate and
5 to serve our guests out there. So, as we add
6 amenities and in order to service the amenities with
7 both, you know, customer service and so forth, we're
8 always looking at our staffing.

9 Right now, I believe we're operating
10 extremely efficient, and so materially, I don't see
11 anything changing right now on the horizon, in the
12 near future. But we're constantly monitoring our
13 staffing levels.

14 ATTORNEY STUART:

15 Valley Forge currently offers two
16 memberships; is that correct?

17 MR. RIGOT:

18 Well, we --- the second membership is
19 the Valley Beach members you might be ---.

20 MR. FIGUERAS:

21 No, no. It's the entertainment. It's
22 a ---.

23 MR. RIGOT:

24 Al, you speak --- why don't you speak to
25 that because you're ---?

1 MR. FIGUERAS:

2 Hi. Alex Figueras, F-I-G-U-E-R-A-S,
3 Vice President of Finance.

4 As you know, we do have two approved
5 memberships currently, one of which is essentially not
6 used as much as the entertainment membership. Our
7 primary membership is our food and beverage
8 membership. And there's a 3-month offering version of
9 it and a 12-month offering version of it.

10 ATTORNEY STUART:

11 Does Valley Forge, in light of the
12 opening of the Valley Beach --- does Valley Forge
13 anticipate on adding or coming to the Board to
14 petition the Board to add new memberships to its
15 complement?

16 MR. FIGUERAS:

17 We're evaluating whether that is ---
18 again, it's a seasonal offering that we had. And as
19 we look into next year, trying to figure out what
20 makes the most sense for us.

21 ATTORNEY STUART:

22 Okay.

23 MR. FIGUERAS:

24 So, we have not come to a conclusion at
25 this point.

1 ATTORNEY STUART:

2 Does Valley Forge security patrol the
3 parking lot for crimes, or specifically children who
4 are left in vehicles while the parents go in and game?

5 MR. RIGOT:

6 Yes, to answer your question, they do.
7 We have surveillance as well, constantly monitoring
8 our parking lot. But we also have walking patrols as
9 designated for the security personnel to be vigilant
10 both inside as well as outside our property, so yes.

11 ATTORNEY STUART:

12 And traffic always seems to be a concern
13 before a casino opens. Has any of those traffic
14 concerns materialized?

15 MR. RIGOT:

16 I've only been there two months. You
17 want to speak to that?

18 MR. FIGUERAS:

19 To my knowledge, no. We've had some
20 large events. And we've been able to handle it
21 without incident.

22 ATTORNEY STUART:

23 Has your parking been adequate?

24 MR. FIGUERAS:

25 Yes.

1 ATTORNEY STUART:

2 Now, just to jump back to the specifics
3 of the PowerPoint now. If we could pull up page ten
4 --- and Adrian had kind of alluded to this before, on
5 page eight, you also discuss Montgomery County and
6 Commonwealth of Pennsylvania economic impact.

7 On page ten, it references Montgomery
8 County and Commonwealth of Pennsylvania. Are those
9 numbers --- the Montgomery County numbers encompassed
10 in the Commonwealth of Pennsylvania numbers?

11 MR. FIGUERAS:

12 Yes.

13 ATTORNEY STUART:

14 On page 12, there was an increase in
15 non-gaming employees after the casino had opened.
16 What position do these non-gaming employees hold? And
17 how many --- and how do they service the casino, if
18 they do at all?

19 MR. FIGUERAS:

20 Well, in support functions, so it would
21 be, for example, our hotel.

22 ATTORNEY STUART:

23 Okay.

24 MR. FIGUERAS:

25 And some of our other ancillary food and

1 beverage operations that were already existing prior
2 to the casino.

3 ATTORNEY STUART:

4 Can you briefly just outline the
5 benefits provided to Valley Forge's full-time
6 employees?

7 MR. FIGUERAS:

8 Of course. Our full-time employees
9 would receive benefits that would be commensurate
10 with, I believe, any of our competitors. There'd be
11 full-time health benefits, a 401(k), dental benefits,
12 life insurance, wellness programs that we offer, that
13 type of ---.

14 ATTORNEY STUART:

15 And you'd also --- Attorney King had
16 also said that the total employment is 10,000 --- or
17 1,063. How many of those are part-time?

18 MR. FIGUERAS:

19 We'd say about somewhere in the
20 neighborhood of 250 or so of those.

21 MR. RIGOT:

22 It's about a 75/25 relationship.

23 ATTORNEY STUART:

24 And do those part-time employees get any
25 sort of benefits?

1 MR. FIGUERAS:

2 They do. They do accrue vacation time,
3 which we call PTO, so they would be eligible for that
4 as --- based on their hours of employment, they would
5 be able to do that and --- I mean, primarily that.
6 They also have some other benefits that are, if they
7 wish to elect into on their own and pay that the
8 company does not share in, they would have the
9 opportunity to do that, too.

10 ATTORNEY STUART:

11 So, the company wouldn't match, like, a
12 401(k) contribution-type thing ---

13 MR. FIGUERAS:

14 No.

15 ATTORNEY STUART:

16 --- for part-time? No? Okay. And
17 those part-time employees don't get medical or dental
18 or anything like that?

19 MR. FIGUERAS:

20 No, like I said, there are certain
21 medical benefits that are open to full payment ---

22 ATTORNEY STUART:

23 Okay.

24 MR. FIGUERAS:

25 --- by an employee, by a part-time

1 employee, if they so desire to.

2 ATTORNEY STUART:

3 On slide 18, page 18, it states that
4 Valley Forge spends \$10,000 annually on employee
5 training, printing, signage, printing brochures, et
6 cetera, in relation to the compulsive and problem
7 gambling plan. How much of that \$10,000 is spent on
8 employee training?

9 MR. FIGUERAS:

10 Virtually all of it has been spent on
11 it, particularly in the last two years.

12 ATTORNEY STUART:

13 You also stated that all employees are
14 provided education on responsible gaming. Is that
15 training for literally all employees or only employees
16 that are licensed by this Board?

17 MR. FIGUERAS:

18 All employees that are hired by Valley
19 Forge Casino.

20 ATTORNEY STUART:

21 Including, like, EVS attendants?

22 MR. FIGUERAS:

23 Uh-huh (yes). Yes.

24 ATTORNEY STUART:

25 On page 20, you reference the parking

1 lot. Can you just outline how has the parking lot
2 improved over the past three years?

3 MR. FIGUERAS:

4 Well, we've maintained the parking lot.
5 Obviously, it's a large, flat surface lot that is
6 actually not level. It goes up a hill. So, there are
7 a lot of --- between either striping, filling in
8 potholes, keeping it paved and sealed properly and
9 maintained for our customer usage.

10 ATTORNEY STUART:

11 Okay.

12 MR. RIGOT:

13 I'll be happy to note, we just
14 resurfaced. Most of the holes that you're talking
15 about have been filled in. So, we just --- we just
16 completed that project.

17 ATTORNEY STUART:

18 Are there any plans to add a parking
19 garage?

20 MR. RIGOT:

21 Not at this point in time, unless we get
22 relief from the legislative, you know, and be able to
23 add more slot machines and more table games. I think
24 the --- roughly, we have 1,500 spots ---

25 ATTORNEY STUART:

1 Uh-huh (yes).

2 MR. RIGOT:

3 --- I believe. And that seems to be
4 sufficient for right now.

5 ATTORNEY STUART:

6 So, you have 1,500 spots now?

7 MR. RIGOT:

8 Yeah, approximately 1,500 spots.

9 ATTORNEY STUART:

10 On slide 29, I think that's the first
11 time you reference the new Valley Beach. Can you
12 outline the measures that Valley Forge has taken to
13 insure compliance with preventing underage, excluded
14 persons, self-excluded patrons from accessing the
15 gaming floor, as well as insuring compliance with the
16 Category 3 access requirements?

17 MR. RIGOT:

18 Basically, it's the same training that
19 we give to the rest of the property as far as
20 personnel, bartenders, cocktail waitress, security
21 guards, et cetera. They look for the same
22 similarities.

23 So, if you're an individual at Valley
24 Beach ordering --- trying to order a beer versus an
25 individual trying to order a beer at one of our bars

1 inside, you're going to be --- you're going to have
2 the same scrutiny, if you will. You're going to have
3 to present ID and so forth and so on. So, it's the
4 same training, if you will. It's applicable outside
5 as well as inside.

6 ATTORNEY STUART:

7 What about --- I'm assuming there's an
8 access point to access the casino from Valley Beach?

9 MR. RIGOT:

10 There is. There is. And the security
11 does the same thing. They have the ability to check
12 the individual's ID and card to make sure, in fact,
13 they meet the State's requirement of being 21 years of
14 age or older.

15 ATTORNEY STUART:

16 Is there a cover charge, I guess to say,
17 to get into the Valley Beach? Or is that free to
18 people staying at the resort or people who are a
19 patron of the Valley Forge amenity?

20 MR. RIGOT:

21 No, you pay a cover charge to get into
22 the Valley Beach. Or you can buy a seasonal
23 membership and --- but if you pay for the day --- the
24 \$10, that will be able to --- that can be used, if you
25 will, to gain access, if you will, to the casino.

1 ATTORNEY STUART:

2 So, the cover charge is \$10 for the
3 Valley Beach; ---

4 MR. RIGOT:

5 Correct.

6 ATTORNEY STUART:

7 --- is that correct? Okay.

8 MR. RIGOT:

9 What's the season pass, is it \$50?

10 MR. FIGUERAS:

11 We were discounting this year at \$50 for
12 the season, yes. But that only --- obviously that was
13 not a membership, but ---

14 MR. RIGOT:

15 Right.

16 MR. FIGUERAS:

17 --- obviously, the day that you
18 purchased \$50, it met the \$10 requirement, and you
19 would get a 24-hour access ---

20 ATTORNEY STUART:

21 Okay.

22 MR. FIGUERAS:

23 --- into the casino.

24 ATTORNEY STUART:

25 On page 36, it's kind of a softball, but

1 number of visitors grew 76 percent from 2012 to 2013,
2 another 4 percent from 2013 to 2014. What can you
3 attribute that growth to?

4 I think the first one's pretty easy, but
5 the four percent, I think, is that ---?

6 MR. RIGOT:

7 Yeah, I think, I think what we are
8 seeing is what Bob talked about earlier, we now ---
9 we've reached --- typically what happens, and when you
10 introduce a new facility, you get tremendous growth
11 the first year, it --- and it dwindles after --- we
12 are now what I call a mature property in the
13 marketplace.

14 So, we're going to --- I suspect going
15 forward, my inclination is, unless we do a game-
16 changer event on property, we're going to see similar
17 growth patterns to the rest of the industry. And the
18 three to four percent reading just seems to be this
19 year, so --- and I think that's where we're going to
20 fall out.

21 ATTORNEY STUART:

22 It also states on page 36 that over
23 half, more than half of VCR --- VCFR's visitors were
24 found to reside in locations more than 20 miles from
25 the facility. Is Valley Forge seeing a lot of people

1 from New Jersey or Delaware or surrounding states
2 coming to the property?

3 MR. RIGOT:

4 I was surprised. We just ran the data,
5 and it looks like 25 percent --- like Adrian was
6 saying, 25 percent of our customers are from out-of-
7 state.

8 ATTORNEY STUART:

9 Okay.

10 MR. RIGOT:

11 So, I found that very fascinating. So,
12 yes, we're getting people from obviously more than the
13 20-mile radius.

14 ATTORNEY STUART:

15 Are you seeing people from farther from
16 surrounding states, like North Carolina, Ohio? Are
17 you seeing people traveling farther than ---?

18 MR. RIGOT:

19 I don't know if --- do we have
20 information where they actually come from?

21 MR. FIGUERAS:

22 Well, what I --- well, we would.
23 Primarily, it's the surrounding, although because
24 we're also a convention hotel we do draw from a larger
25 pool of people that come from other areas. I wouldn't

1 say those are our regular gamblers, so to speak. If
2 they're attending the casino more frequently, they're
3 most likely driving in from the surrounding States of
4 Delaware and New Jersey ---

5 ATTORNEY STUART:

6 Okay.

7 MR. FIGUERAS:

8 --- and to a certain extent, Maryland at
9 times.

10 ATTORNEY STUART:

11 I have no further questions.

12 CHAIRMAN:

13 Any questions from the Board? Greg?

14 MR. FAJT:

15 Thank you, Mr. Chairman. Just a quick
16 question. Is there a separate entrance to Valley
17 Beach from the parking lots? In other words, does a
18 person who wants to go to Valley Beach have to go
19 through the original queues at the casino? Or is
20 there a separate entrance from the outside of the
21 casino to --- directly to Valley Beach?

22 MR. RIGOT:

23 As I understand it, the --- and you can
24 correct me if I'm wrong, but you have to gain access
25 to Valley Beach only through the hotel itself. You

1 can't access it from the parking lot, in other words.
2 You have to come in physically into the building. You
3 don't have to go through the casino, if that's where
4 you're --- no, you don't have to go through the casino
5 in order to gain access to Valley Beach. You could be
6 a hotel guest and go --- and go to Valley Beach
7 without having to go through the casino.

8 MR. FAJT:

9 And then my follow-up question is, so
10 when you go from Valley Beach then into the casino, do
11 you --- and I heard one of you say about the security
12 and all that stuff, but do you have those same walk-
13 through turnstiles ---

14 MR. RIGOT:

15 Yes.

16 MR. FAJT:

17 --- at that entry point as you do from
18 the parking lot to --- directly to the casino.

19 MR. FIGUERAS:

20 They function identical. There's not
21 the actual turnstiles. We have what's called a
22 virtual turnstile. In other words, people do swipe.
23 And there's a computer screen that pops up all the
24 same information that we get in the front.

25 So, instead of a physical turnstile,

1 it's a podium with a swipe. And they go through the
2 exact same procedures they go through in the front of
3 the --- they're just not a physical terminal.

4 MR. FAJT:

5 But is it --- is it channeled or
6 funneled ---

7 MR. FIGUERAS:

8 Yes, absolutely.

9 MR. RIGOT:

10 It is.

11 MR. FAJT:

12 --- so you can't have ten people ---?

13 MR. FIGURAS:

14 Yes. There's only one person that can
15 go through at a time.

16 MR. RIGOT:

17 And it's staffed with the security ---
18 that's correct. The security person does, in fact,
19 check the --- every individual entering the facility.

20 MR. FAJT:

21 Thank you.

22 MR. MCCALL:

23 I have a question.

24 CHAIRMAN:

25 Any other questions?

1 MR. MCCALL:

2 I do.

3 CHAIRMAN:

4 Keith?

5 MR. MCCALL:

6 Can you give the Board a sense of public
7 feedback that you get on the patron amenities, when
8 someone comes to your facility, and they're told that
9 they have to spend \$10 first, or you know, purchase
10 something before they could use the floor, how often
11 --- I mean, do people complain about that? And how
12 often do complain? Are you still hearing that three
13 years down the road, after you have been licensed?

14 MR. RIGOT:

15 I'll speak to that. I'm sure everybody
16 else will want to weigh in as well. I get complaints
17 daily. And the complaints that I receive, it goes
18 from, you mean to tell me I have to pay \$10 to lose my
19 money? You get those type of things.

20 I have other individuals that complain
21 of the fact they bring an individual with them, and
22 the way we have it is, if you're a member, you can
23 bring a guest, they go on the floor. And when they
24 leave the casino floor to go to patronize one of our
25 amenities, to get a sandwich, to get a hamburger,

1 whatever, they come back and they can't gain access to
2 the casino floor unless they --- the person that
3 brought them leaves their gaming device to go out and
4 to, you know, reintroduce them to the floor again and
5 bring them back in.

6 So, there's a lot of problems inherent
7 with the access. This is my first, obviously,
8 encounter with it in the 40 years that I've been in
9 the business. And it's challenging, I can tell you
10 that. And it is causing customer ill-will, I can also
11 tell you that. That's factual.

12 MR. MCCALL:

13 And it's a daily --- you say you hear it
14 daily?

15 MR. RIGOT:

16 I hear it daily.

17 MR. MCCALL:

18 Tell me with --- you know, you had
19 853,000 guests last year. Have you ever estimated
20 what that number could grow to if you didn't have ---?

21 MR. RIGOT:

22 We haven't. I don't think that we've
23 done an actual study on it, but --- and I've heard,
24 you know, different individuals that I spoke to, it
25 could go anywhere --- I know it's something greater

1 than zero ---

2 MR. MCCALL:

3 Uh-huh (yes).

4 MR. RIGOT:

5 --- it's probably something less than 20
6 percent, though. So, I would say, I would say you're
7 probably looking around 10 or 15 percent for sure.

8 MR. MCCALL:

9 And how to restrict --- how restrictive
10 does, you know, 50 tables and 600 slots have?

11 MR. RIGOT:

12 Certainly on our slot product we have
13 --- I would even say table games from this respect.
14 What happens by virtue of having only 50 tables and
15 600 slot machines, in my humble opinion, is that you
16 have the competitors that offer 100 plus table games.
17 They offer poker. So, what happens is, is consumers
18 have a choice. They like to be able to bounce around.

19 For instance, at our table --- at our
20 casino, we have some tables that you only have two or
21 three that you can offer of a particular game type,
22 whereas other casinos have more than two or three.
23 So, consequently, customers have the ability to find
24 the game of choice. Sometimes they get blocked out.
25 Depending on when they arrive, they may not be able to

1 access the game that they're really looking for. That
2 causes a problem, obviously.

3 In terms of the slot product, we do have
4 utilization whereby on our peak periods, it's way
5 above 80 percent, which is --- which is telling me
6 that we can definitely --- there's demand for
7 additional slot product.

8 You also look at Valley Forge on win-
9 per-unit basis, and we're number one in the state as
10 far as the win-per-unit, with 600 slot machines. That
11 makes sense to me that we should be number one by
12 virtue of our slot product, but when you're comparing,
13 you know, 2,000 or 3,000 machines that some of our
14 competitors have. So, we're at a huge disadvantage in
15 that respect.

16 MR. MCCALL:

17 So, that's eliminated and just kind of
18 for the record. But revenues would grow exponentially
19 as well, both to you and to the Commonwealth.

20 MR. RIGOT:

21 Absolutely. I think revenues would
22 grow. You know, obviously tax dollars would grow.
23 Jobs would be created. I think for every \$200,000 of
24 revenue that we would increase, there'd probably be an
25 FTE that would be created. So, yes, I think all good

1 things would flow from getting relief.

2 MR. MCCALL:

3 Thank you.

4 CHAIRMAN:

5 Dave?

6 MR. WOODS:

7 Yes. Could you inform me of your
8 average occupancy of your hotel rooms?

9 MR. RIGOT:

10 Sixty-one (61) percent, year-to-date.

11 MR. WOODS:

12 And of that, how many are connected ---
13 the percentage connected with conventions versus a
14 casual overnight stay?

15 MR. RIGOT:

16 I'm going to turn it over to my --- I
17 know that the casino is a small number.

18 MR. FIGUERAS:

19 We have --- yeah, we have, really,
20 several different types of customers. We have our
21 convention business. We have transient, as any hotel
22 would have. And then there are casino customers.

23 So, if you're --- the general break
24 between casino customers and not, we generally have a
25 drive-in market, so our casino customers, primarily on

1 the weekends, are taking up rooms. But during the
2 week, that's primarily tourists, transient and
3 convention business.

4 MR. WOODS:

5 Thank you. In conjunction with your
6 swimming pool amenity, are there changing facilities
7 or anything for patrons who use that, or are they
8 using --- going into the casino in their bathing
9 suits? I mean, what kind of setup is there? It just
10 sounds a little strange to me.

11 MR. RIGOT:

12 Now, we have a few people walking
13 through and --- with their bikinis through the --- no.
14 Now, we do have people that actually arrive with their
15 bathing suits and their bathing suit attire. We do
16 have restrooms, though, right off the --- right off
17 the facility that they can use. And they do ---

18 MR. WOODS:

19 Okay.

20 MR. RIGOT:

21 --- they do use the restrooms and
22 change. We've noticed that.

23 Hence, to Bob's point, what I'd like to
24 do next year is make a --- make a few changes and add
25 a few amenities that make sense out there, even, for

1 instance, a --- not only --- not only are we looking
2 at locker rooms and showers and that type of thing,
3 but possibly even adding a barbecue pit, where we can
4 grill out there, hamburgers. And so it's really ---
5 it's really an amenity that there's obviously a demand
6 for.

7 I was pleasantly pleased to see the kind
8 of response that we witnessed this past summer. There
9 are a lot of local people, rather than going to the
10 Jersey shore now, are opting to come to Valley Beach
11 because it's a pretty good offering.

12 So, I think we can expand upon that and
13 make it even better and embellish it to even draw more
14 people and get people more excited about the product
15 offering out there.

16 MR. WOODS:

17 Thank you.

18 CHAIRMAN:

19 Okay. Glen?

20 ATTORNEY STUART:

21 The OEC Counsel does not have a
22 presentation today and will not be putting on any
23 witnesses. However, representatives from the BIE and
24 its Financial Investigative Unit as well as the Bureau
25 of Casino Compliance are here today, if the Board has

1 any questions.

2 I also have three exhibits that I would
3 like to add to the record. These are just updates
4 from what we heard --- from what we submitted into the
5 record at the April public input hearing.

6 One is a letter from the Liquor Control
7 Board, just saying that there were no other violations
8 since April. Also, the Board approved a consent
9 agreement over the summer. And another warning letter
10 was issued to Valley Forge. So, that has been
11 provided to the Board.

12 And if Mr. King has no objection, we'd
13 like to put that into the record.

14 ATTORNEY KING:

15 No objection, sir.

16 CHAIRMAN:

17 It will be admitted.

18 ATTORNEY STUART:

19 And just a brief statement, Valley
20 Convention Center Partners, LP, its affiliates and
21 principals, timely filed renewal applications. And
22 the BIE has completed the background investigation of
23 all entities and individuals involved with this
24 license renewal.

25 Valley Forge has fully cooperated with

1 the BIE during the license renewal investigation
2 process and the BIE has not identified any information
3 that would preclude Valley Forge, its affiliates or
4 principals from being found suitable at this time.

5 Therefore, the OEC recommends that
6 Valley Forge Convention Center Partners, LP be found
7 suitable for renewal of its Category 3 slot machine
8 license.

9 CHAIRMAN:

10 Okay. Any other questions, issues,
11 problems?

12 ATTORNEY KING:

13 No, sir.

14 CHAIRMAN:

15 Thank you all very much. A vote on this
16 matter is scheduled for later today under the Bureau
17 of Licensing section of the agenda.

18 Thank you, lady and gentlemen.

19 ATTORNEY KING:

20 Thank you.

21 CHAIRMAN:

22 And before we begin the public hearing
23 part --- or the public meeting, excuse me, the Board
24 will take a recess for ten minutes?

25 We'll be back --- that clock says 11:25,

1 so we'll go by that, at 25 of 12:00. Thank you.

2 ATTORNEY STUART

3 Thank you.

4 * * * * *

5 HEARING CONCLUDED AT 11:25 A.M.

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CERTIFICATE

I hereby certify that the foregoing proceedings, hearing held before Chairman Ryan was reported by me on 9/23/15 and that, I Derrick Ferree, read this transcript and that I attest that this transcript is a true and accurate record of the proceeding.



Court Reporter

Derrick Ferree