

1 COMMONWEALTH OF PENNSYLVANIA GAMING CONTROL BOARD

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3 PUBLIC HEARING

4 HOLDINGS ACQUISITION CO. LP, CATEGORY 2 LICENSE RENEWAL

5 \* \* \* \* \*

6 BEFORE: DAVID BARASCH, CHAIRMAN

7 Gregory C. Fajt, Richard G. Jewell (via  
8 telephone), Keith R. McCall, Anthony C.  
9 Moscato, William H. Ryan, Jr., David W.  
10 Woods

11 Fred Strathmeyer, Representing Russell  
12 Redding, Secretary of Agriculture

13 Jennifer Langan, Representing Timothy  
14 Reese, State Treasurer

15 Robert Coyne, Representing Eileen McNulty,  
16 Secretary of Revenue

17 HEARING: Wednesday, November 18, 2015, 10:03 a.m.

18 LOCATION: Pennsylvania Gaming Control Board

19 Office of Hearings and Appeals

20 Strawberry Square Complex, Second Floor

21 Harrisburg, PA 17101-9060

22 Witnesses: DAVID PATENT, CRAIG CLARK, RAHMON HART,

23 Reporter: Denise L. Travis, RPR

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BETH MANIFESTO, ESQUIRE

Assistant Enforcement Counsel

NAN DAVENPORT, ESQUIRE

Deputy Chief Enforcement Counsel

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CHAIRMAN BARASCH:

Okay. The first order of business, we have a public hearing scheduled today regarding a Category 2 license renewal from Rivers in Pittsburgh. Can we have -- okay. You're all here ready. That's great.

I'd ask everyone who is going to speak to make sure you please state and spell your name for court reporter prior to your presentation. And I'd also ask all non-attorney witnesses to please stand at this time to be sworn in.

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WITNESSES SWORN EN MASSE.  
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CHAIRMAN BARASCH:

Thank you. You may begin.

ATTORNEY DONNELLY:

Thank you. Good morning. John Donnelly is my name. I represent the poetically named Rivers Holdings Acquisition Co., which is the license renewal applicant known as Rivers Casino.

I want to, first of all, thank you, Mr. Chairman, and welcome aboard.

1                   And, Former Chairman Ryan, congratulations  
2 on your tenure.

3                   We're here today to -- for license renewal  
4 which last happened approximately three years ago.  
5 This is a culmination of an incredibly complex and --  
6 and in-depth examination that has gone on. It  
7 literally started last spring, the spring of 2014, when  
8 we started gathering documents together for literally  
9 in the summer thousands and thousands and thousands of  
10 renewal applications for both the entities associated  
11 with Rivers and the human beings to the staff. Staff  
12 then reviewed them. We had a myriad of conversations,  
13 e-mails, revisions, additional information submitted,  
14 many times because I fouled up.

15                   But the culmination of that process or the  
16 beginning of the end of that process was last summer  
17 when we had public -- an extensive public input hearing  
18 in Pittsburgh that went on for several hours. And many  
19 of you were present. And I know you all looked at the  
20 video of that public input hearing.

21                   And then we've had any number of reports  
22 from and interactions with all of your staff, who has  
23 worked incredibly hard on this. And I say this not  
24 lightly, because I've seen and you've all seen the  
25 detail. The final report is around 600 pages that went

1 out. But Licensee, OEC, BIE, financial staff, the  
2 executive director of the legal staff, secretary, and  
3 everything worked incredibly hard on this. And we --  
4 we appreciate that a great deal.

5 We're going to be brief today. And the  
6 reason we're going to be brief today -- I hope you  
7 don't hold it against us. But we had a very extensive  
8 presentation and public input hearing. I want to move  
9 what we did in that hearing into this record. And  
10 we're going to try to limit this to 17, 20 minutes of  
11 presentation today and then, of course, be open for --  
12 for questions.

13 Addressing you today will be David Patent,  
14 the president and COO of -- of the company; Craig  
15 Clark, the general manager; Rahmon Hart, the director  
16 of community relations. And also in the room are Greg  
17 Carlin, the CEO, and Rhonda Gilchrist, the vice  
18 president of compliance. We have, of course, a  
19 PowerPoint. And with that, I will turn it over to  
20 David Patent, who will be our first speaker. Thank  
21 you.

22 MR. PATENT:

23 Thank you, John. My last name is spelled,  
24 P-A-T-E-N-T.

25 Mr. Chairman, members of the Gaming Board,

1 staff, good morning. It's a pleasure to be speaking in  
2 front of you again.

3 I'm just going to speak very briefly,  
4 provide you with an overview of the property and talk a  
5 little bit about the capital reinvestment that we've  
6 made into the property since we opened a little more  
7 than five years ago and then turn it over to Craig.

8 This slide just shows you where our  
9 facility is. We're located on the north shore of  
10 Pittsburgh, which has since our opening on August 9th  
11 of 2009 become quite a vibrant area in the city of  
12 Pittsburgh. A lot of new venues have opened up,  
13 restaurants, hotels. And we're very conveniently  
14 located right next to where the Steelers play their  
15 home games.

16 The facility itself, you can see the  
17 statistics there. I draw your attention to just a  
18 couple of these items. We have close to 3,000 slot  
19 machines on the floor, making us one of larger casinos  
20 in the state.

21 We have a banquet space that was open in  
22 2011. That was one of the big expansion capital  
23 projects that we had, which is close to 10,000 square  
24 feet. And we welcome any number of groups, parties.  
25 We provide entertainment in that space as well. It's

1 been a very nice amenity that we've been able to add.

2           And we have over 4.6 million guests  
3 annually. So since we've opened, we've welcomed close  
4 to 30 million people to our facility.

5           Now, just since 2000 -- 2011, we've spent  
6 over \$45 million in capital, including the cost for the  
7 banquet facility that opened in 2011 and a number of  
8 other additions.

9           Included in that is \$12 million in slot  
10 capital, which has made up a little more than a quarter  
11 of our maintenance capital improvement since opening.  
12 And that's -- that's increased pretty substantially  
13 over the last few years. As the original product that  
14 we had in the facility ages, we anticipate that going  
15 forward, we'll be spending a good chunk of capital to  
16 make sure that we've got a fresh floor. I think we've  
17 bought close to 6 or 700 new games since opening; and  
18 that pace, as I mentioned, will -- will accelerate.

19           With that, I'm going to turn it over to  
20 our general manager, Craig Clark.

21           MR. CLARK:

22           Craig Clark, C-R-A-I-G, C-L-A-R-K.

23           Thank you, Chairman, members of the Board,  
24 and members of the staff. I appreciate this  
25 opportunity to talk about our great facility in

1 Pittsburgh.

2           As David mentioned, we continue to  
3 reinvest in the property; but we also are looking at  
4 how we can enhance it for the future. We talked in  
5 June about our hotel project. We continue to work with  
6 the City of Pittsburgh on the approvals that would be  
7 required. We've finished our financial models needed  
8 to support development of this. We're working on some  
9 of the permits. We've had several meetings with  
10 different departments of the City.

11           We project that this would create 1,400  
12 construction jobs during the period that it's being  
13 constructed, about 16 to 18 months. And it would  
14 create 105 permanent jobs added to our facility.

15           What's important about this project is it  
16 gives both economic value and gaming tax of over 29  
17 million to the Commonwealth over a five-year period  
18 projected as well as local taxes of 4.7 for hotel and  
19 sales tax as well as another 4.3 million to the  
20 Commonwealth.

21           This is projected to be a \$50 million  
22 investment in our facility. And we look at this as a  
23 tool to grow our gaming product and to grow our  
24 visitation.

25           We also like to highlight our commitments

1 to the community. Some of ours are unique in  
2 Pittsburgh, the first being the Sports and Exhibition  
3 Authority. We have a commitment over a 30-year period  
4 of \$225 million. We've made one additional payment  
5 since June. So now we're at 48 million paid to date.

6 Also in our original license, we had two  
7 commitments to our local community of a million dollars  
8 each. And we fulfilled those in each of our first  
9 three years.

10 We also have other attributes for this  
11 being part of the city of Pittsburgh and the  
12 communities in which we live. Those are both  
13 employment as well as traffic control and other  
14 features. And we also are working on a  
15 project-by-project basis for each of these groups on  
16 how we can continue the commitment to support the  
17 community.

18 We also are very focused on our  
19 relationships in the community. If it's the building  
20 trades that actually built our facility, they're at our  
21 facility almost every day doing things like plumbing  
22 and electrical work. We appreciate their support. We  
23 saw them stand up at our public hearing and talk about  
24 the great relationship. I often meet with them  
25 multiple times in the year to talk about our plans,

1 especially with a hotel coming up most recently.

2           This spring we did a unique project with  
3 Carnegie Mellon University. You see that recognized as  
4 one of the top universities in the country for science.  
5 And we were able to hold a unique event over a  
6 multi-day period over human beings competing against  
7 the computer. And we're very enthusiastic about how it  
8 can draw attention to Pittsburgh and really the great  
9 community that's been created of technology.

10           We also have relationships with the  
11 science center where we hold mathematics of gaming and  
12 other food and beverage aspects; Riverlife where we've  
13 held their gala event each and every year for the last  
14 four years; and visitPITTSBURGH as new groups come to  
15 Pittsburgh and hold their conferences, very important  
16 to our overall growth.

17           Property awards, we have several new ones  
18 that have been added to the list since June. For one  
19 additional year, so from 2010 to 2015, from Casino  
20 Player Magazine, the best overall gaming resort in  
21 Pennsylvania. We also have the Best Places to Work and  
22 the Top Workplaces this year. So we're very proud that  
23 our team members voted us those awards. And just last  
24 month, we were honored by Life Works, which was  
25 originally the Northside Community Alliance; but it has

1 merged with Life Works. And we were able to get the  
2 humanitarian award. And that's where disadvantaged and  
3 disabled people seek employment. And we have a very  
4 active relationship. And we were very pleased to  
5 receive this award.

6           And when it comes to some of the revenues  
7 that have been generated, we've updated our chart  
8 through the end of September. You can see that we were  
9 the third largest gaming tax producer in the  
10 Commonwealth in 2014. We now have crossed over a  
11 billion dollars of taxation in our first six years.  
12 And we really believe that this is our mission in  
13 gaming and creating jobs and creating economic value  
14 for the state.

15           We also have other impacts to the  
16 community from taxation that go to benefit our region,  
17 property taxes, payroll taxes, sales taxes, use taxes,  
18 unemployment taxes, and state income. That's over  
19 \$71.5 million through September.

20           We also are very committed to making sure  
21 that we have the right environment in our facility.  
22 Underage, unfortunately, our great record of just over  
23 two years without an underage on our gaming floor was  
24 broken just ten days ago on November 7th. But I think  
25 it's the commitment overall to get past the two years.

1 The great part about this is the person did not game  
2 and they did not drink before we identified them, very  
3 important.

4           But we have biannual training programs,  
5 internal training videos, looking at the confiscated  
6 ID's that are out there, casino ID programs for all  
7 operating departments, and then technology which is  
8 extremely important in today's world with scanners and  
9 different processors that help us and most important  
10 working with the state police to turn these individuals  
11 over so they can be addressed appropriately for  
12 disciplinary.

13           Also our mission is always around  
14 education and training. Our Council on Compulsive  
15 Gambling, we've contributed over \$120,000. We have  
16 training programs at hiring and on an annual basis.  
17 Also, Responsible Alcohol Management Program, you know,  
18 we're required to have 212 people trained under the  
19 regulations. We actually have over 900 people trained.  
20 We've added departments that weren't required, but we  
21 believe that this is the right thing to do. So we've  
22 had poker, slots, table games, and VIP services added  
23 in '13. This past year we added cage employees just to  
24 make sure we have the best coverage for the facility.  
25 And all of this training is paid for by the company.

1 And it's an important aspect of meeting our commitment  
2 to the community.

3 With that, I'll turn it over to Dr. Rahmon  
4 Hart, director of community relations.

5 MR. HART:

6 Good morning, Mr. Chairman, members of the  
7 Board, and members of the staff. My name is Rahmon  
8 Hart. And that is R-A-H-M-O-N, H-A-R-T.

9 As someone who grew up blocks away from  
10 where the casino was built, I'm proud to be a part of  
11 the leadership team that continues to make sure that  
12 Rivers is an valuable asset to Allegheny County in  
13 general and the City of Pittsburgh in particular.

14 We're proud of all of our awards that  
15 we've received. But we're proudest of the fact that  
16 we've been recognized as one of the very best  
17 workplaces in the city of Pittsburgh and the Greater  
18 Pittsburgh area. It's even more meaningful because  
19 these awards were based on comprehensive surveys that  
20 our team members completed on a voluntary basis. These  
21 awards are a testament to the special workplace that we  
22 have developed, and we're eager to keep the momentum  
23 going.

24 I'll just click through here.

25 Here's a summary of some of the ways that

1 we demonstrate Rush Street Gaming's position of valuing  
2 our team members. And I'll just go through and make  
3 sure all of the bullets are up. Our 401K plan which --  
4 in which team members are 100 vested from the time they  
5 enroll. Full-time team members can earn up to 20 paid  
6 days off within their first year. After a year of  
7 working with us, team members can get reimbursed for  
8 their tuition up to \$5,000 per year.

9           We have \$250,000 that has been given out  
10 in bonuses to hourly team members for perfect  
11 attendance. And that's since January of 2013 when we  
12 started that program. And we have paid \$2.6 million in  
13 bonuses to non-management team members for improved  
14 guest service experiences. And again, these are just a  
15 few of the things that help us to attract and retain  
16 the very best people in the industry.

17           As you can see here, Rivers Casino  
18 continues to be a strong contributor as relates to job  
19 creation in western PA. It's important to note that 96  
20 percent of our team members are Pennsylvania residents  
21 and approximately 57 percent live within the city of  
22 Pittsburgh limits.

23           Diversity and inclusion are important to  
24 us at Rivers. And we take pride in hiring a diverse  
25 workforce. One way to assess our progress in this area

1 is by looking at the demographic composition of our  
2 host county, which is Allegheny County. And as you can  
3 see, the percentage of our workforce at Rivers who fall  
4 into the minority category exceeds the percentage of  
5 minorities in Allegheny County by almost 10 percent.  
6 With that said, it is a priority for us to strengthen  
7 our partnerships with local organizations who have  
8 workforce development programs and similar initiatives  
9 to help us continue to improve in that area.

10           One of the results of providing career  
11 opportunities to local residents is a boost to the  
12 local economy. Rivers is proud to demonstrate that  
13 each year our total salaries, wages, taxes, and  
14 benefits has increased.

15           We have a great human resources team that  
16 supports our local hiring and diversity efforts, but we  
17 don't do that alone. We work closely with  
18 organizations like these to make sure that job  
19 opportunities are widely communicated throughout the  
20 community. These efforts continue to be valued and  
21 appreciated by our local community partners. Some are  
22 listed there.

23           Another we way actively pursue the best  
24 talent in the region is through our A.C.E. Internship  
25 Program. These are paid internships that often lead to

1 career opportunities at Rivers Casino once the  
2 internship is over. Over half our interns have  
3 continued with us. And two of them have since been  
4 promoted into management roles. So we're happy about  
5 the success we're experiencing, and we continue to look  
6 forward to building on this program.

7           We're committed to linking local and  
8 minority businesses with growth opportunities. In  
9 addition to partnering with organizations like the  
10 Eastern Supplier Minority Development Council and the  
11 African-American Chamber of Commerce, we've also  
12 coordinated on-site initiatives to showcase the  
13 opportunities that exist. And as you can see, the  
14 percentage of total spent has increased for MWBE's and  
15 LBE's each of the last three of the State's fiscal  
16 years. And we've spent 1.1 billion nonconstruction  
17 dollars in the state from July 1st of 2012 to June 30th  
18 of 2015.

19           As it relates to community relations, we  
20 take a strategic and intentional approach. Our four  
21 focal areas are public health and public service, adult  
22 education and workforce development, and economic and  
23 community development. And these four focal areas help  
24 us to prioritize and guide some of the decisions that  
25 we make when we engage with the community.

1                   Since we've opened, we have donated over  
2 \$3.6 million to support nonprofit organization, events,  
3 and projects.

4                   Here is a quick summary of some of the  
5 ways that we give back to the community. The first is  
6 our Pittsburgh Proud Program, which encourages guests  
7 to donate vouchers throughout the month to a local  
8 nonprofit. We feature an organization at our  
9 charitable donation tables each month in which guests  
10 who donate \$10 in cash receive \$10 in free slot play  
11 from us.

12                   In recognition of Veterans Days, we just  
13 helped the Services to Armed Forces Program raise over  
14 \$4,000, which they'll use those funds to purchase care  
15 packages for veterans for the holiday season. And then  
16 next month through our Community Champions Program,  
17 about 20 Rivers team members will deliver those care  
18 packages to veterans in a residential facility in an  
19 effort just to spread some holiday cheer.

20                   Lastly, our leadership team leads by  
21 example. In 2014, our executive leadership team  
22 volunteered 980 hours while serving on 13 nonprofit  
23 boards and committees in the community.

24                   These last few slides just highlight a  
25 long list of community partners we have. And we look

1 forward to strengthening all of these relationships  
2 that we have and building on to them.

3 On behalf of Rivers Casino and the entire  
4 Rush Street family, we appreciate your attention. And  
5 we look forward to building on the success that we've  
6 experienced these first five -- six years.

7 CHAIRMAN BARASCH:

8 Thank you very much. Questions or  
9 comments from enforcement counsel?

10 ATTORNEY MANIFESTO:

11 Good morning, gentlemen. Beth Manifesto  
12 on behalf of OEC. And that is spelled  
13 M-A-N-I-F-E-S-T-O. And also here on behalf of OEC is?

14 MS. DAVENPORT:

15 Nan Davenport, deputy chief enforcement  
16 counsel, D-A-V-E-N-P-O-R-T.

17 ATTORNEY MANIFESTO:

18 If I may, I do have a few questions for  
19 Rivers.

20 Is Rivers able to give an approximate date  
21 for the start of construction for the hotel that it's  
22 planning?

23 MR. CLARK:

24 At the current time, we do not have a  
25 specific date. We continue to work with the City, and

1 we hope to be able to outline that timeline in the near  
2 future.

3 ATTORNEY MANIFESTO:

4 Can you tell us, since the public input  
5 hearing in June, have the talks been ongoing with the  
6 City.

7 MR. CLARK:

8 Yes. We've had many different discussions  
9 with both utilities that would support the development  
10 of the hotel, specific departments within the City.  
11 And we had a CDAP meeting of design professionals to  
12 get their comments and feedback regarding the design of  
13 the building.

14 ATTORNEY MANIFESTO:

15 Back in June, the plan or the design for  
16 the hotel was briefly discussed. And part of that was  
17 River said that they were working with -- I believe  
18 it's the riverfront and they were taking into  
19 consideration the public's view and access to the  
20 riverfront. Is that still something that is continuing  
21 in the design process?

22 MR. CLARK:

23 Yes. Those meetings have continued with  
24 both Riverlife, which really has the responsibilities  
25 of the riverway and how it is established for the

1 standards of the City of Pittsburgh, as well as the  
2 science center. We've met with the Northside  
3 Leadership Group to show them our initial plans, and  
4 we're developing community support.

5 We really believe that at the end of our  
6 facility as the hotel is a constructed that that should  
7 become a portal to the river where many guests traffic  
8 up and down the pathways and the experiences that we  
9 have in the city of Pittsburgh.

10 ATTORNEY MANIFESTO:

11 I believe it was Slide 7 of your  
12 presentation addressed Rivers' future plans. And it  
13 stated that the hotel will generate 29.2 million in  
14 addition gaming taxes within five years of opening.  
15 Can you explain to us how that figure was arrived at?

16 MR. CLARK:

17 It's using industry standards associated  
18 with the visitation to a hotel and what the hotel guest  
19 would generate in gaming value versus a transient  
20 guest, which is our core today. And we've applied  
21 those standards to the occupancy levels that we're  
22 projecting in our financial models. And that's how  
23 we're able to generate the taxation amounts that we  
24 represent in the presentation.

25 ATTORNEY MANIFESTO:

1           Also in the presentation, you represented  
2 that future development plans would increase the number  
3 of employees at Rivers. Is that projection based on  
4 the addition of the hotel, or is there additional  
5 development also in the making?

6           MR. CLARK:

7           That would be to support the hotel itself.  
8 It's those individuals who are in the areas of sales,  
9 the operational support, and the cleaning support of  
10 the hotel.

11           ATTORNEY MANIFESTO:

12           And on Slide 17, it stated that over  
13 \$250,000 has been paid in bonuses for perfect  
14 attendance. Can you tell us, how are the bonuses  
15 calculated; and are part-time and full-time employees  
16 eligible?

17           MR. CLARK:

18           Yes. The program is developed on the  
19 quarterly basis. And the quarterly basis would be 520  
20 hours of showing up without an attendance credit or  
21 occurrence, and you would qualify for that. And it  
22 goes out in the increment. If you happen to work  
23 overtime, it can be a little sooner than a quarter. If  
24 you're part time, it may be up to a six-month period.  
25 And it's based on them showing up and supporting our

1 guests and our other team members.

2 ATTORNEY MANIFESTO:

3 On the same slide, one of the benefits  
4 listed for team members is tuition reimbursement. Is  
5 that for dealer training only, or does it go beyond  
6 additional educational opportunities for team members?

7 MR. CLARK:

8 The tuition reimbursement program is  
9 designed for all team members who have an interest for  
10 developing their skill set that would become an  
11 employable position within our facility. So if it  
12 happened to be somebody who wanted to get their  
13 accounting degree, if somebody wanted to become a  
14 welder in the facility department, if it was somebody  
15 who was pursuing a human resource certification or  
16 degree, or if you wanted to become a dealer, all of  
17 those qualify. And all we ask you to do is have one  
18 year of employment and then to go through the  
19 application process. And we're very proud to support  
20 team member growth and overall family growth of income.

21 ATTORNEY MANIFESTO:

22 And also Slide 17 shows 2.6 million in  
23 quarterly bonuses have been paid to date. Are all  
24 employees eligible for bonuses, or does it only apply  
25 to specific departments within the casino?

1                   MR. CLARK:

2                   It -- it applies to all team members. So  
3 what we do is we have a survey process where we select  
4 our guests from our database. And we either mail to  
5 them or e-mail to them a survey on a weekly basis. We  
6 send out about 1,200 of those. And we're looking for  
7 their feedback on is our team member delivering  
8 excellence. And we create a benchmark, and we measure  
9 against that benchmark. And when we're successful in  
10 delivering the service standards of our facility, we  
11 have a quarterly reward that is up to \$150 for the team  
12 members.

13                   ATTORNEY MANIFESTO:

14                   My last question regarding your  
15 presentation would be on Slide 18, the job creation  
16 chart shows that the number of employees has decreased  
17 from 1,792 in 2014 to 1,701 in 2015. Is there a  
18 specific reason or reasons for that decrease?

19                   MR. CLARK:

20                   The reasons for the decrease is really  
21 we're in a very stable market. We have had a lot of  
22 competition that has been introduced from May of 2012  
23 up until last September. So this is actually our first  
24 period since 2012 where we have not had new  
25 competition, if that's Ohio properties opening or if

1 it's Nemaocolin. So our -- our business volumes have  
2 been very stable. You can see that in the presentation  
3 of taxation.

4           What we've been working on is ways to  
5 create productivity and efficiency within our  
6 workplace, giving our team members the right tools to  
7 succeed. By doing that and by scheduling to our  
8 guests' needs, there's been a very slight decrease; but  
9 that's really what's driven that employment chart.

10                   ATTORNEY MANIFESTO:

11           I have no other questions regarding the  
12 presentation.

13                   CHAIRMAN BARASCH:

14           Thank you. Questions from the Board  
15 members?

16                   MR. WOODS:

17           Craig, one comment and two questions. As  
18 I mentioned at the public input hearing, I do commend  
19 you on your underage program. Having been in the back  
20 of that house, seeing the blowups of ID's and so forth  
21 and the focus that's put on there, I commend you for  
22 that. You never can be perfect. And I understand that  
23 you've reset the clock and hope that you'll be able to  
24 exceed tow years going forward.

25           Two comments: One, should the hotel go

1 forward, is there a decision that it will be an  
2 independent hotel or will it be branded with a name?

3 MR. CLARK:

4 That decision is still being reviewed.  
5 There's pros and cons to each way. So that's a debate  
6 that's been the most challenging.

7 MR. WOODS:

8 Okay. Thank you. The second one, early  
9 in my tenure on the Board when I had an opportunity to  
10 visit Rivers, we had a discussion about a great program  
11 you had working with individuals with intellectual  
12 disabilities and how they helped, I guess, put together  
13 the premium gifts that you give away and so forth. At  
14 that time, there was an impediment of crossing the  
15 floor and so forth. Could you just tell me where you  
16 are with that program? Is there something that we  
17 could do as a board to assist you in allowing that  
18 program to continue to, you know, help this group of  
19 individuals?

20 MR. CLARK:

21 Yeah. That's the Achievement Program,  
22 which is a local community-based program. And it was  
23 something that was challenging. It's still challenging  
24 today. We've actually discontinued that. We've  
25 supported them in other ways with both the 10 for 10

1 Program that Rahmon mentioned, having them be a  
2 charitable organization. But the ability for them to  
3 unpackage the many gifts that we have, that's still a  
4 challenge because of the -- the gaming floor  
5 restrictions that are in the current regulations.

6 MR. WOODS:

7 Do you have an idea on how we could assist  
8 in correcting that that would allow you to work with  
9 this group of individuals?

10 MR. CLARK:

11 Yeah. It really comes down to the  
12 supervision of -- of those individuals. They actually  
13 have a supervisor who comes with them. Unfortunately,  
14 we had to have a security guard with them when they  
15 were off the gaming floor to observe them, and that was  
16 part of the challenge.

17 Also for efficiency for our guests, we've  
18 moved that down to the first floor. And that's really  
19 what created the -- the restriction of them not being  
20 able to cross the gaming floor to get to that area. If  
21 that was modified, that would allow us to reestablish  
22 that relationship.

23 MR. WOODS:

24 It's a discussion I would like to continue  
25 at some point. Thank you, Mr. Chairman.

1                   MR. FAJT:

2                   Thank you, Mr. Chairman. Mr. Clark, what  
3 is the most common use of the banquet space? Is it  
4 weddings? Is it concerts or corporate outings? Is  
5 there one of those uses that stands out above the  
6 others?

7                   MR. CLARK:

8                   It's -- there's not a majority use, which  
9 I think is one of the strengths of the area. But if I  
10 was to categorize the largest use, it would be  
11 corporations as well as charitable organizations.

12                   The wedding business is something that we  
13 look at as an opportunity for the future. We have six  
14 weddings booked for next year. But we are currently a  
15 facility that only allows people of the age of 21 and  
16 older. It's kind of unique in Pennsylvania. There's  
17 many others that have modified. We may consider that  
18 in the future. But the largest uses are banquets for  
19 corporations and charitable.

20                   MR. FAJT:

21                   Okay. Mr. Hart, a question for you and  
22 not to quibble, because your minority employment  
23 exceeds Allegheny County by, you know, a significant  
24 amount. But when we normally see these charts, the --  
25 both the Asian component of the minority total and the

1 African-American component usually exceeds the county  
2 or the city wherever they're located -- wherever the  
3 casino is located. But I did note that the  
4 African-American employment at the Rivers is 11  
5 percent. The county is 13.2. On the flip side of  
6 that, the Asian employment at Rivers is 14 percent and  
7 the county is 2. So I mean, there's a huge significant  
8 difference there.

9           But any -- anything to read into that. I  
10 mean, are you having trouble getting African-American  
11 candidates?

12           MR. HART:

13           I think, you know, we definitely have work  
14 to do in that area. And we're putting some -- some  
15 really good partnerships together to make -- to  
16 continue to make improvements. But what I will say is  
17 that it's a microcosm of what you see in the city  
18 across the board. And the Asian percentage that you  
19 see is due to a large influx of Nepalese actually who  
20 came to the city of Pittsburgh. And they really enjoy  
21 working there. And given their community, a lot of the  
22 word is out about Rivers. And they're applying, and  
23 we're seeing a huge increase in that number. But I  
24 think the partnerships that we have in place will help  
25 us to see some improvements in that area.

1                   MR. FAJT:

2                   Okay. And then I remember the  
3 gentleman -- the Nepalese gentleman who spoke at the  
4 public input hearing and was very happy with his  
5 employment there.

6                   One last comment, just a congratulations  
7 on the word that you have out. I hear the press  
8 releases about the \$7.5 million annual commitment you  
9 give to the Penguins. And as we have talked about in  
10 the past, I mean, when you have good news, if you're  
11 not touting it yourself, it's not going to get heard.  
12 So congratulations on getting the word out on that.

13                   Thank you, Mr. Chairman.

14                   MR. MOSCATO:

15                   Nothing.

16                   CHAIRMAN BARASCH:

17                   Bill? Yeah, I have one question, Mr.  
18 Clark, something that wasn't obvious to me. You were  
19 talking about the slight down tick in employment level,  
20 and you made reference to being a mature, stable  
21 environment and talked about the coming competition  
22 from Ohio.

23                   Are you suggesting -- what do you imagine  
24 would happen with more competition? Would it cause  
25 your employment to go up or down?

1                   MR. CLARK:

2                   Well, the competition that I was referring  
3 to has already occurred across Ohio. If you look at  
4 4 1/2 years ago when I came to the facility, Ohio  
5 represented 8 percent of our business. Today it's less  
6 than three. And we've been able to grow within the  
7 state of Pennsylvania to overcome that. But it was a  
8 very nice piece of business when they did not have  
9 gaming in the state. And that was the challenge that I  
10 was referring to as well as Nemacolin, which is a small  
11 piece of introduction to western Pennsylvania.

12                   CHAIRMAN BARASCH:

13                   The reason why I was asking is I could  
14 argue it either way. I could imagine in the face of  
15 competition, you might want more amenities and it might  
16 cause you to increase employment in order to make your  
17 facility more attractive. I wasn't sure which way you  
18 were going with that.

19                   MR. CLARK:

20                   Yeah. And that's part of the hotel  
21 project overall. We believe that that would help us  
22 get back on that growth pattern that you saw in our  
23 early years.

24                   CHAIRMAN BARASCH:

25                   Okay. Thank you. Ex-officio members, any

1 questions? Do you all have any questions or comments  
2 for the staff or whatever?

3 ATTORNEY DONNELLY:

4 That completes our presentation. I just  
5 move all of the documentation we've sent in in the past  
6 and the public input hearing videotape and transcript.  
7 And with that, we would rest. And we request that the  
8 Commission rule favorably on our license renewal.

9 CHAIRMAN BARASCH:

10 Thank you. We will take this matter up  
11 later on today as part of the Bureau of Licensing  
12 section of the agenda.

13 ATTORNEY MANIFESTO:

14 Chairman?

15 CHAIRMAN BARASCH:

16 Yes.

17 ATTORNEY MANIFESTO:

18 There are a few things if we could  
19 introduce into the record.

20 CHAIRMAN BARASCH:

21 Okay.

22 (OEC Exhibit 2A marked for  
23 identification.)

24 ATTORNEY MANIFESTO:

25 Prior to the start of the hearing, I

1 passed out a group of papers. And those are updates to  
2 information contained within the BIR that OEC had  
3 written. The first item is Exhibit 2A. And this would  
4 be an updated report from the Bureau of Liquor Control  
5 Enforcement stating that there have been no citations  
6 or adjudications pertaining to Holdings from May 1st,  
7 2012, to November 12th of 20 -- I'm sorry -- May 1st,  
8 2015, to November 12th, 2015. And again, that's marked  
9 Exhibit 2A. And we would ask that that be added to  
10 Exhibit 2, which was introduced at the public input  
11 hearing.

12 (OEC Exhibit 5A marked for  
13 identification.)

14 ATTORNEY MANIFESTO:

15 We also have an update for enforcement  
16 actions. Since the public input hearing, there has  
17 been one compliance conference which was held. OEC  
18 would ask that the compliance conference memorandum,  
19 which has been marked as OEC Exhibit 5A, be added to  
20 supplement its prior Exhibit 5 also introduced at the  
21 public input hearing.

22 (OEC Exhibit 10A marked for  
23 identification.)

24 ATTORNEY MANIFESTO:

25 Additionally, four warning letters were

1 issued between June 2nd of 2015 and today's date.  
2 Three responses have been received from Rivers Casino,  
3 which are also included in that packet. The last  
4 response is not yet due. So that is not included.  
5 These items have been marked in their entirety as OEC  
6 Exhibit 10A.

7 (OEC Exhibit 12 marked for  
8 identification.)

9 ATTORNEY MANIFESTO:

10 And then what has been marked as OEC  
11 Exhibit 12, which would be a new exhibit, provides the  
12 Board with litigation updates on matters contained  
13 within the Holdings Background Investigation Report,  
14 which was submitted by OEC on behalf of BIE.

15 We would request that all of these  
16 exhibits be marked as confidential. Copies of these  
17 items were presented to Mr. Donnelly. He did not  
18 object to their inclusion. And we would now ask that  
19 they be moved into the record.

20 CHAIRMAN BARASCH:

21 Very well. Thank you.

22 With that, we'll move on to other  
23 business. Thank you very much for your time and  
24 attention.

25 ATTORNEY DONNELLY:

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Of course, we move that all of these documents remain confidential.

\* \* \* \* \*

HEARING CONCLUDED

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CERTIFICATE

I hereby certify that the foregoing proceedings,  
meeting held before Chairman Barasch were reported by  
me on 11/17/2015 and that I, Denise L. Travis, RPR,  
read this transcript and that I attest that this  
transcript is a true and accurate record of the  
proceeding.



Denise L. Travis, RPR