

COMMONWEALTH OF PENNSYLVANIA

GAMING CONTROL BOARD

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IN RE: CATEGORY 2 SLOT MACHINE OPERATOR APPLICATION
FOR STADIUM CASINO, LLC

* * * * *

PUBLIC HEARING

* * * * *

BEFORE: WILLIAM H. RYAN, JR., CHAIRMAN
Gregory C. Fajt; Annmarie Kaiser; Keith R.
McCall; John J. McNally, III; Anthony C.
Moscato; David W. Woods; Members
Jennifer Langan, representing Robert
McCord, State Treasurer

HEARING: Thursday, January 30, 2014
9:45 a.m.

LOCATION: Pennsylvania Convention Center
Ballroom A
1101 Arch Street
Philadelphia, PA 19107

WITNESSES: Bob Green, Joseph Weinberg, Anthony Ricci,
Ernie D'Ambrosio, Adam Catherine, Francis
Hanney

Reporter: Sami Zeka

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A P P E A R A N C E S

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2

3 OFFICE OF ENFORCEMENT COUNSEL

4 CYRUS PITRE, ESQUIRE

5 Chief Enforcement Counsel

6 GLENN STUART, ESQUIRE

7 Assistant Enforcement Counsel

8 PA Gaming Control Board

9 P.O. Box 69060

10 Harrisburg, PA 17106-9060

11 Counsel for the Pennsylvania Gaming Control Board

12

13 ALAN C. KOHLER, ESQUIRE

14 Eckert Seamans

15 213 Market Street, 8th Floor

16 Harrisburg, PA 17101

17 Counsel for Applicant, Stadium Casino

18

19 JAMES A. DOHERTY, III, ESQUIRE

20 Doherty Hayes, LLC

21 1000 Bank Towers

22 321 Spruce Street

23 Scranton, PA 18503

24 Co-Counsel for Applicant, Stadium Casino

25

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CHAIRMAN:

The Board will now convene for the fifth and final public licensing hearing on the Category 2 Slot Machine Operator Applications for the one available license designated for the City of Philadelphia. This is a final opportunity for the Applicant to demonstrate to the Board's satisfaction that it is suitable for the license and that it should be selected by the Board to receive the one available license.

As has been the practice for the preceding two days, today's hearing will consist of the Board's Executive Director, Kevin O'Toole, providing an overview of the process that brings us here today. The Applicant will make its presentation, including responding to questions or issues arising during the hearing, followed by input from the Board's Bureau of Licensing and the Bureau of Investigations and Enforcement (BIE), through the Office of Enforcement Counsel (OEC).

Please note that, while it is the Board's intention to conduct all hearings in a public forum, there is a limited scope of information which

1 the law recognizes as confidential and requires
2 protection from the public view. Such information may
3 include highly sensitive proprietary information or
4 information about security issues. Should any issues
5 of confidentiality arise, the Board will convene a
6 closed session to hear only that confidential
7 testimony, as mandated by the statute.

8 While this morning's hearing represents
9 the final licensing hearing in the five applicants, as
10 stated on the first day of these proceedings, the
11 Board has granted a Petition to Intervene to HSP
12 Gaming, LP. Therefore, at the conclusion of today's
13 licensing hearing, HSP will be given the opportunity
14 to present testimony on its petition, limited
15 specifically to the issues surrounding the
16 Philadelphia gaming market and the impact a second
17 Philadelphia casino may have on this market. Any
18 testimony presented outside of this limitation will
19 not be heard and will not be part of the record.
20 Additionally, HSP will be subject to questions from
21 the Board and the OEC.

22 MR. O'TOOLE:

23 Good morning, Mr. Chairman and members
24 of the Board. As you've indicated, Mr. Chairman,
25 today is the final day the Board will be holding

1 licensing hearings for five applicants for the
2 Category 2 Slot Machine Operator License, to be
3 located here, in the City of Philadelphia. Since the
4 filing of the applications in November of 2012, a
5 number of significant events have occurred to promote
6 the review of each applicant, for both its eligibility
7 and its suitability for licensure under the
8 Pennsylvania Racehorse Development and Gaming Act.

9 First, on February 12th, 2013, a public
10 hearing was held in Philadelphia for the purpose of
11 having each of the five applicants introduce its
12 proposed project to the public. Thereafter, public
13 input hearings were held in Philadelphia on April the
14 11th and 12th, and again on May the 8th and 9th of
15 2013, during which speakers presented either their
16 support or opposition for the proposed projects.
17 These hearings were recorded and transcribed.

18 Second, the Pennsylvania Gaming Control
19 Board placed a significant amount of material
20 submitted by each applicant on the Board's website for
21 the public to have access to the information
22 concerning the proposals, projections and studies
23 which had been presented to the Board. These
24 documents included the public portions of the
25 individual applications for each entity associated

1 with the various applicants, the local impact reports,
2 traffic impact studies, diversity plans, PowerPoint
3 presentations for each proposal with presentation
4 videos, and finally, the video recordings and
5 transcripts of the public input hearings, which were
6 also placed on the Board's website.

7 The dissemination of this information
8 facilitated the Board's receipt of written
9 submissions, both in support of and in opposition to
10 the projects. A date of December 31st, 2013 was
11 established for the Board to receive all written
12 submissions. The number of written submissions for
13 each applicant received by the cutoff date will be
14 noted prior to each applicant's presentation.

15 In addition the Bureau of Licensing and
16 the BIE have undertaken the review and investigation
17 of each application consistent with the mandates of
18 the Act. The result of this licensing and
19 investigative phase of the application process is the
20 Suitability Report, which summarizes the findings of
21 the Bureaus as to the applicants' compliance with the
22 Act's licensing eligibility and suitability
23 requirements.

24 Last, the parties have entered into a
25 stipulation regarding the procedure employed by the

1 Bureau of Licensing and the BIE. Thank you.

2 CHAIRMAN:

3 We will now begin the licensing hearing
4 in the matter of the Category 2 hearing for Stadium
5 Casino, LLC. I see that representatives of Stadium
6 Casino are seated. And at this time, I would ask all
7 representatives of Stadium Casino and all members of
8 the Board who may present testimony to please stand to
9 be sworn.

10 -----

11 WITNESSES SWORN EN MASSE

12 -----

13 CHAIRMAN:

14 Thank you, gentlemen. Before we begin
15 with presentations, I note that Tower Entertainment
16 joined in by Market East Associates, has filed
17 objections to Stadium's Notice of Intent to present
18 comparative evidence on the basis that Stadium did not
19 submit reports of persons who may be called as expert
20 witnesses. A person may be called as an expert
21 witness if that person has knowledge about a matter
22 which is greater than that of the general public.
23 Board regulations do not require a person who may
24 testify as an expert to create a report, but instead
25 simply require that if an expert creates a report or

1 relies upon a document to render an expert opinion,
2 that report or document must be produced. I note
3 that, in response to the Tower and Market East
4 objections, Stadium Casino did provide supplemental
5 information, which includes its PowerPoint
6 presentation, to be relied upon by the experts. And
7 that would appear to provide notice to Tower and
8 Market East of the nature and conclusions of that
9 testimony.

10 To provide assurance that the Board
11 regulation has been complied with in this matter, I am
12 directing Counsel that, with respect to any person
13 called as a witness and whom Stadium wishes to have
14 qualified as an expert witness, you should have the
15 witness identify whether he or she conducted any
16 tests, experiments, examinations, studies, or relied
17 upon documents in rendering an expert opinion. If the
18 individual testifies under oath in the negative, then
19 he will be permitted to proceed. If he answers in the
20 affirmative, the Board will consider whether to
21 preclude the expert testimony at that time based upon
22 the nature of the material at issue. With that, we
23 will begin the presentations.

24 MR. O'TOOLE:

25 Mr. Chairman, members of the Board, the

1 application for Stadium Casino, LLC, was filed with
2 the Pennsylvanian Gaming Control Board on November
3 15th, 2012. Since that time, the evidentiary record
4 for this Applicant has been developed to include the
5 full application, the local impact statements, traffic
6 studies, the transcript of the public input hearings,
7 the written comments presented and received by the
8 Board, the licensing Suitability Report, and the
9 stipulated testimony of Board staff.

10 The parties have entered into an
11 agreement that identifies each of those items, which
12 are offered as Exhibits One through Nine and are to be
13 admitted into the record as a stipulated evidentiary
14 record for the Board's consideration. In addition,
15 the transcript of these proceedings and any other
16 evidence submitted and admitted as exhibits in
17 connection with this Applicant's licensing hearing
18 today would likewise be part of the record for the
19 Board's review and consideration.

20 Finally, the written public comment
21 submissions, including submissions received via the
22 Board's website for this Applicant received by the
23 cutoff date of December 31st, 2013 encompassed 133
24 submissions, consisting of 108 supporting the
25 application, two opposing the application, and 23 that

1 were neutral. Thank you.

2 (Board Exhibits One through Nine marked
3 for identification.)

4 CHAIRMAN:

5 In light of the stipulation regarding
6 Exhibits One through Nine being admitted to the
7 evidentiary record in this matter, may I have a motion
8 to accept the exhibits?

9 MR. FAJT:

10 So moved.

11 MR. MOSCATO:

12 Second.

13 CHAIRMAN:

14 All in favor?

15 ALL SAY AYE

16 CHAIRMAN:

17 Opposed? Motion carries, and Exhibits
18 One through Nine are included in the record.

19 We will now hear from the Applicant.

20 ATTORNEY KOHLER:

21 Good morning, Chairman Ryan,
22 Commissioners. My name is Alan Kohler, K-O-H-L-E-R,
23 from Eckert Seamans. And with me is my co-counsel,
24 Jim Doherty, D-O-H-E-R-T-Y, from Doherty Hayes. We
25 represent the Applicant, Stadium Casino, in this

1 matter.

2 It is with great excitement and
3 anticipation that we come before you today to give our
4 vision of the Philadelphia license. As the other
5 applicants, I'd like to thank the Commission staff,
6 who has always --- has done a great job throughout the
7 process.

8 Since Doug Sherman conducted the random
9 drawing at the prehearing conference to determine the
10 order of presentation, I have been congratulated many
11 times for getting the last spot. But as I sat through
12 the presentations over the last two days, I started to
13 get the concern that the last presenter could be the
14 victim of what I call presentation burnout with the
15 Commissioners. So, in an attempt to address potential
16 presentation burnout, we're going to try to keep the
17 presentation relatively short, to the point, crisp and
18 concise.

19 Now, before we get into that and as a
20 slight exception to that rule, and with your
21 permission, I would like to address a legal issue in
22 the application that's been raised in the Suitability
23 Report, that being Section 1330 of the Gaming Act?
24 May I proceed?

25 CHAIRMAN:

1 Yes. Mr. Kohler, you're tall, and it's
2 a huge room, could you get closer to the mic or
3 maybe ---

4 ATTORNEY KOHLER:

5 Sure.

6 CHAIRMAN:

7 --- pull it up? We're having a little
8 bit of difficulty hearing you coming forward.

9 ATTORNEY KOHLER:

10 We have the mic set up for Mr. Green, so
11 I'm going to lean down. Section 1330 is commonly
12 known as the One-and-a-Third Rule, in that it
13 prohibits a Slot Machine Licensee from having more
14 than a 33-percent interest of another licensee. The
15 Act-stated purpose of Section 1330 is to prevent
16 monopolization of PA casinos through control of more
17 than one facility.

18 Here, there is no issue as to Greenwood
19 Racing, which will never own more than 33 percent of
20 the equity of Stadium Casino. However, while not
21 finding a violation of Section 1330, the Suitability
22 Report raises the concern with 1330 compliance by
23 Greenwood's minority shareholder, Mr. Bob Manoukian.
24 Let me briefly explain why this is also a non-issue.

25 There is only one test in Section 1330,

1 that being whether Manoukian --- Mr. Manoukian holds
2 more than the 33-percent ownership or economic
3 interest in Stadium Casino. If he does not, there is
4 no issue. Through Greenwood Racing, Mr. Manoukian
5 will hold a 28.327 percent post licensure equity
6 interest in Stadium. Obviously, that's less than 33
7 percent.

8 Mr. Manoukian is also an officer,
9 director and sole shareholder of the trustee of the
10 Sterling Trust, which holds a post licensure equity
11 interest of 17 percent in Stadium Casino, for the
12 benefit of Mr. Manoukian's three sons, the trust
13 beneficiaries.

14 As the Suitability Report points out, if
15 you add the two numbers together, it exceeds 33
16 percent. However, considering the trust interest as
17 that of Mr. Manoukian, constitutes clear legal heir.
18 As noted in the Suitability Report, while a trustee
19 holds legal title to the trust property, it is only
20 the beneficiaries which hold equitable title or an
21 economic interest in the property. And there's many
22 PA court cases. That's a frequently-cited common law
23 rule.

24 With these principles in mind,
25 considering the 17 percent equity interest as that of

1 Mr. Manoukian is legally unsupportable for two
2 reasons. First, in the PITG Gaming case in 2008, this
3 Board expressly held that a trustee's interest in
4 casino equity held as trust property should not be
5 attributed to the individual ownership in evaluating
6 Section 1330 compliance. While the facts of that case
7 were different and the relevant ownership interest
8 less, the conclusion remains and is both directly
9 applicable and we believe deciding.

10 Second, and as importantly, in Greenwood
11 Gaming versus PGCB, Pennsylvania Gaming Control Board,
12 which is the case that affirmed the award of the
13 Valley Forge license, the Supreme Court addressed how
14 the term ownership should be interpreted within the
15 licensing provisions of the Gaming Act. While that
16 case involved Section 1305, which is the Category 3
17 licensing provision, the Court's holding applies here,
18 as the same term cannot be interpreted differently in
19 Section 1330. And again, the Court held that it
20 should be only --- the equitable interest --- or the
21 equitable title, not the legal title, in the property
22 which should be considered.

23 We believe the case should be considered
24 controlling. And since it is beyond dispute that Mr.
25 Manoukian does not hold --- is not the equitable owner

1 and does not have an economic interest in the 17
2 percent of the Stadium Casino equity held by the
3 trust, the interest cannot be part --- considered part
4 of his ownership interest for purposes of Section
5 1330. Therefore, Mr. Manoukian's post licensure
6 ownership interest is less than 33 percent and there's
7 no issue.

8 In closing, I just want to address one
9 other issue. While we strongly believe that Section
10 1330 is a non-issue, if the Board were to disagree, it
11 is important to understand that Section 1330 is not an
12 eligibility criteria, and Stadium Casino remains
13 eligible for the award of the license. Instead,
14 Section 1330 is a condition of licensure. And in
15 fact, Section 1330 gives Stadium Casino and Mr.
16 Manoukian a statutory right to cure any violation of
17 Section 1330, subject to this Board's approval.

18 In conclusion, we believe that Section
19 1330 --- we are in full compliance with Section 1330.
20 But under any scenario, Section 1330 should not
21 preclude the Board from awarding the license to
22 Stadium Casino. If you have any questions, I can
23 answer them now or save it for the Q and A portion.

24 CHAIRMAN:

25 I think we'll wait and do it all at

1 once.

2 ATTORNEY KOHLER:

3 With that out of the way, we'd like to
4 start our presentation. Without further ado, I'd like
5 to introduce someone you know well and certainly needs
6 no introduction, Greenwood chairman, Bob Green.

7 MR. GREEN:

8 Thank you. Mr. Chairman, members of the
9 Board, Board staff, ladies and gentlemen, my name is
10 Bob Green, G-R-E-E-N. I'm the Chairman of Greenwood,
11 a corporation I think you know and one that I founded
12 here in the U.S. in 1989, and it's still hopefully
13 going strong today.

14 A quick one-liner about Greenwood.
15 Since being part of the Philadelphia community, we
16 have invested over \$600 million here, and we've
17 created over 2,000 new jobs in addition to the jobs we
18 preserved when we first came. And that was without
19 any fuss, without fanfare, without tax breaks, without
20 subsidies. And I put that on the record because we're
21 rather proud of that record.

22 My principal role here today is to
23 introduce the team who will be spearheading our
24 presentation on behalf of Stadium, LLC, which we're
25 proud of. Before I do that, I would just like to make

1 a few personal observations about the various
2 applications and our own application that you've
3 heard.

4 At the Convention Center last February,
5 six of the competing applicants gave public
6 presentations before you, all hoping to sell the
7 worthiness and the feasibility of their projects.
8 They were all fairly pleasant, non-contentious,
9 predictable dog and pony show, if you like. Today,
10 it's something different. We are now down to the
11 wire. And not surprisingly, certainly for some of us,
12 the number of applicants is down to five and the
13 seriousness business of selection is now at hand.
14 This means lining up the various candidates, their
15 gaming expertise, their local knowledge of this
16 market, evaluating each of the sites, not only in
17 their own right but in relationship to the other
18 existing gaming facilities and the infrastructure of
19 the city itself, traffic, transport, parking, for
20 example. And it also entailed in my mind a very close
21 look at the credibility of the applicants' financial
22 projections and their ability to deliver.

23 You've heard from four of these
24 applicants, and it's now our turn as to why we should
25 convince you to cast your favor on the Stadium

1 proposal. In this respect, one of the issues that has
2 rightly concerned the Board has been the whole
3 question of market saturation and potential
4 cannibalization. You have said in so many words is
5 there an applicant who can demonstrate or give
6 evidence to the fact that they can generate
7 incremental revenue for the benefit of the
8 Commonwealth and the City of Philadelphia, not simply
9 slice the same pie up differently. Because that won't
10 do anyone any good, particularly the applicant. What
11 we have to do is generate incremental revenue over and
12 above what is being produced today. This, in my view,
13 is the critical factor in the comparative and
14 decision-making process.

15 When I came before you about a year ago,
16 I spoke, I guess, somewhat emotionally and perhaps
17 philosophically about how a city of the first class,
18 and I think I explained some of the elements as to why
19 I believe Philadelphia is a true city of the first
20 class, and why this city deserves a first class
21 operator on a first class project. I also told you
22 that I made my home here in Philadelphia for the last
23 25 years, that I live on 16th and North Street, which
24 is a couple of blocks west of the Tower proposal and
25 about eight blocks from Ninth and Market. I take my

1 two lovely children to school every day at eight
2 o'clock in the morning to Fourth and Lombard, and pick
3 them around 4:00 to 5:00, whenever I can get away,
4 pick them up in the evening again and take them home.
5 In fact, I've opened and run businesses here for over
6 20 years. And finally, I said that I have a
7 tremendous affection and admiration for the people of
8 Philadelphia.

9 What I'd like to do today is to
10 translate my time here in terms of the knowledge and
11 experience of this market. You've heard and you'll
12 continue to hear from experts and consultants, all
13 with their own models, gravity and otherwise, all with
14 their own methodologies, but, frankly, and without
15 putting too fine a point on it, I don't know anyone
16 who knows this wagering market better than me. Having
17 said that, I feel somewhat apologetic that it has
18 fallen on me to escort you out of the realm of fantasy
19 and into the world of reality, away from the rooftop
20 swimming pool, and the slot machines on the second and
21 third floor at Eighth and Market and into the real
22 world of the Philadelphia gaming market. I happen to
23 pass both of those downtown sites, by the way, every
24 day and have done so for the last few years, more than
25 a few. And in that regard, I'm mindful of what the

1 Chairman said about expert witnesses, but I think I'm
2 probably qualified, being in this business for the
3 period of time I have and can express an opinion, and
4 I can tell you unequivocally, quite unequivocally,
5 that either one of those sites would be an absolute
6 disaster. Neither of them are capable of producing
7 any significant incremental revenue. And the bulk of
8 their floor game and the bulk of their table drop will
9 come from and at the expense of SugarHouse. And what
10 that will do is put both SugarHouse and any downtown
11 facility in financial jeopardy from day one.

12 At a simple operational level --- and
13 I've heard the staffing experts, by the way --- at a
14 simple operational and a firsthand knowledge, I know
15 that just adding a couple of hundred cars into that
16 section proposed and that section of the market will
17 cause absolute chaos. There will be gridlock every
18 day. I repeat, we are the only applicants who know
19 and understand and operate in this market. With the
20 people I know, friends that have it free. This is not
21 Biloxi. This is not Nemaquin. This is Philly. My
22 friend, Bobby Sotar (phonetic), this is not the woods
23 of Connecticut or the streets of Wilkes-Barre,
24 Scranton. This is Philadelphia.

25 The all public, almost surreal

1 projections that have been made for Eighth and Market
2 rely very heavily on tourists, businesses, people
3 coming in from out of town. I wonder if they've taken
4 the trouble to find out who these tourists actually
5 are. I know what they'll find, more often than not
6 are couples, many with children in the 8 to
7 14-year-old range, who have decided to go to the
8 National Constitution Center, to Betsy Ross house, to
9 Liberty Bell, historic Philadelphia. And I'm sorry to
10 tell those folks at Eighth and Market that these
11 people are not gamblers. They never have been and
12 they never will be.

13 As you know, many years ago, when we
14 acquired what was then Philadelphia Park Racetrack, we
15 also acquired the right to operate off-track
16 parimutuel wagering facilities. That was within an
17 exclusive 25-mile radius of the racetrack, and so it
18 included all of greater Philadelphia and most of the
19 suburban counties. Our first off-track wagering
20 facility was in the heart of downtown, at 16th and
21 Market. It's right opposite Liberty Place, Liberty
22 One and Liberty Two. It's a half a block from the
23 Mellon Bank, the building with a pyramid on top. It
24 adjoins the Comcast Tower. It's surrounded by
25 offices, businesses, restaurants, shops and a dense

1 residential population. It's also a block from the
2 suburban station, which is the principal station
3 serving all of the suburban and surrounding
4 communities.

5 Now, that facility, which we call the
6 Center City Turf Club, was and is a good facility, and
7 it does really well. However, we always wanted and
8 knew there would be a significant demand for a
9 facility in South Philadelphia, the Packer Avenue
10 corridor. Accordingly, a few years after we opened
11 Center City, we opened a facility at South
12 Philadelphia called the South Philadelphia Turf Club.
13 Both of these facilities are operational today.
14 They're part of our racing business. The surprising
15 thing to note is that from the first day it opened,
16 the South Philadelphia site did 100 percent more
17 business than the downtown site. And by the bar the
18 cannibalization of the Center City site was minimum.
19 In simple terms, the wagering volume of what people
20 actually bet, the amount they bet, at Center City was
21 X, at South Philadelphia it was 2X. The reasons ---
22 various and myriad reasons for this that I'm not going
23 to go into today, but those numbers are correct and
24 they are still applicable as we speak today.

25 I would just say that, in my mind, there

1 is absolutely no doubt that the South Philadelphia
2 site will substantially outperform either one of the
3 downtown sites and cause the least cannibalization
4 damage to the SugarHouse business, a business, by the
5 way, which I believe is in everyone's interest to see
6 not to survive but to thrive.

7 So, now we look at the three South
8 Philadelphia sites to see which one makes the most
9 sense and which one is positioned to generate the most
10 incremental revenue. I'm going to leave those
11 arguments to my colleagues, but I will just say this,
12 that being here, in this business, in this city, for
13 25 years has meant that we have had the opportunity to
14 literally pick and choose our site, the site of this
15 application. We could have applied to an old --- or
16 close by to all of the other applications that are
17 part of this contest. I can tell you I found it kind
18 of amusing that Penn National, in their application to
19 you on Tuesday, seemed ambivalent and rather unsure
20 about certain elements of their site and how they
21 might operate. They should have asked me. We are
22 still the major tenant at that address, and we've been
23 so for the last 18 years. As you may be aware, the
24 landlords there would have very much liked us to apply
25 on that site and only made overtures to Penn after we

1 had determined that the Holiday Inn site was far
2 superior.

3 A similar situation, without going into
4 too much detail, existed with the Procathy (phonetic)
5 site. It was offered to us, but we turned it down
6 simply because it nowhere near matched up to the site
7 that we're here to discuss with you today.

8 So, I come back to my original purpose,
9 and that is to introduce the two gentlemen who will be
10 marshal in the Stadium presentation this morning.
11 Having been in the gaming and wagering business for 52
12 years, I think you'll appreciate that I've got to know
13 and work with and appear on various panels with
14 virtually all of the senior executives of this
15 industry, both here in the U.S., in the U.K., Europe,
16 and the Far East. And I can tell you without any
17 hesitation that by far a long way the best I've ever
18 come across in the executive field are the two
19 gentlemen to my right, Mr. Joe Weinberg, who is the
20 president and managing partner of the Cordish group of
21 companies, and Mr. Tony Ricci, who is the Chief
22 Executive Officer of Greenwood.

23 Ladies and gentlemen, I will leave you
24 in their very capable hands, and thank you for your
25 time. And I'll hang around here in case you have any

1 particular questions that you may wish to address to
2 me. Thank you so much.

3 MR. WEINBERG:

4 Good morning. I'm Joe Weinberg,
5 W-E-I-N-B-E-R-G. And as Bob said, I'm president and
6 managing partner of the Cordish Companies. I'd like
7 to start this morning by telling you a little bit
8 about the team behind Stadium Casino, LLC. And the
9 fact is that there's no company in the world that has
10 our track record collectively of building and
11 operating a best-in-class, highest-grossing
12 destination casino entertainment and resort
13 properties.

14 We've collectively built from ground up
15 six casino properties over the last ten years, which
16 is more than almost any other company in the world.
17 And as you are looking at the potential applicants
18 here, those who have done it, done it time and again
19 and have done it successfully should be a key litmus
20 test. As you are well aware, Parx is and has been the
21 top-grossing casino in the Commonwealth for many
22 years. And our Maryland Live! facility, in the
23 Baltimore/Washington market, has been the top-grossing
24 casino in the entire Mid-Atlantic market.

25 And our financial strength is equal to

1 our experience. We are not dependent on anyone else's
2 money, whether public or private. It is all our own
3 equity, all our own investments. Nor are we dependent
4 on anyone else's experience. We are owner/operators.
5 And this is a key key point. The people who are
6 putting up the money are the ones who are laying awake
7 at night thinking about what they have to do every day
8 to make this project a success. And it's not only
9 having the right location and building the right
10 world-class facility, but this is a day-to-day
11 operation that has to be focused on in order to
12 maximize its returns.

13 MR. RICCI:

14 Good morning, Mr. Chairman, members of
15 the Commission. My name is Tony Ricci, R-I-C-C-I.
16 I'm the Chief Executive Officer of Greenwood Racing.
17 As you know, Greenwood Racing owns and operates Parx
18 Casino, which is Pennsylvania's top casino. I know,
19 as our regulator, you're very familiar with our
20 background, but I thought for the record we would
21 offer some background information.

22 As you know, we opened a temporary
23 casino within six months of Gaming Board approval back
24 in 2006. We then completed and opened a permanent
25 casino on time, exactly as we promised to the Board,

1 in December 2009. That casino is the top casino in
2 the state and has been for the past seven years. We
3 have hands-on, innovative ownership. We're known for
4 stability, dependability and reliability, which we
5 believe are very important considerations in this
6 process, given what occurred previously with the
7 Foxwoods license.

8 Greenwood Racing is the parent company
9 of Greenwood Gaming and Entertainment, which is the
10 owner and operator of Parx Casino, which is, I said,
11 the number one casino in Pennsylvania. Greenwood
12 Racing also operates Parx Racing, which is the top
13 thoroughbred track and the top racetrack in the state.
14 We operate six off-track wagering locations in
15 Pennsylvania and New Jersey. And as Bob mentioned, we
16 have three of those locations right here in the City
17 of Philadelphia.

18 We have account wagering operations in
19 both Pennsylvania and in Oregon. And we also operate
20 a 50-percent joint venture with Penn National Gaming
21 at Freehold Raceway in New Jersey. And we also
22 operate an off-track wagering facility with them as
23 part of that in Toms River, New Jersey.

24 We boast a topnotch management team that
25 has extensive experience in the gaming industry and

1 long tenure with our company. We have very little
2 turnover. Our brand is synonymous with a beautiful
3 property that is well maintained, clean and safe,
4 while providing first-class customer service to result
5 in long-term customer satisfaction and loyalty. We
6 are passionate about service. That passion is
7 translated into third-party customer surveys, which
8 consistently rank Parx as the top customer service
9 provider within our highly-competitive market, which,
10 as you know, has 17 casinos within a 75-mile radius.
11 And many of those casinos operate at a much lower tax
12 rate, which, as Bob referred to earlier in his
13 comments. I mean, you really have to understand this
14 market. This is a unique market when you have 17
15 casinos within 75 miles, and a majority of them have a
16 10 to 12-percent tax rate. Anyone outside this market
17 will be shell shocked when they come into it.

18 And this success that we've achieved we
19 attribute to our motivated, talented and well-trained
20 team. Our employees receive extensive service
21 training in both mandated areas and customer service
22 to ensure a consistent experience for our customers.
23 We're very proud of the fact that our firm has a
24 strong commitment to diversity, community outreach and
25 social responsibility. We take great pride in the

1 recognition that we've received in these areas. We
2 understand that a strong, vibrant community provides
3 an attractive destination for our customers.

4 Parx has a long tradition of cooperation
5 with local labor unions. All of our construction
6 projects have been performed with union labor. We
7 have 16 separate collective bargaining agreements with
8 12 different labor unions. We are highly respected
9 within the banking community, and our balance sheet is
10 among the best in the industry. There is no doubt
11 that we possess the necessary financial resources to
12 complete this project.

13 Now, I've made some comments about our
14 background, but I think it will be even more powerful
15 to hear what the political and business leaders of the
16 community have to say about the way we conduct
17 ourselves in the marketplace, so I'd like to introduce
18 a short video. Jeff?

19 VIDEO PLAYED

20 MR. WEINBERG:

21 So, again, having done it, having done
22 it successfully, having done it successfully for many
23 decades is a --- you know, is critically important.

24 At the Cordish Companies, we're a
25 100-year-old company that has been internationally

1 recognized not only for our gaming developments but
2 also for our real estate and entertainment projects.
3 We have won seven Urban Land Institute Awards of
4 Excellence for our real estate developments. The
5 Urban Land Institute is the international organization
6 of government officials and developers and planners
7 and architects that looks at real estate projects all
8 over the world. We've won more awards than any other
9 developer in the world for our real estate
10 developments. And these Awards of Excellence not only
11 go to the quality of the projects that we've developed
12 but their impact on the communities in which they're
13 located.

14 In gaming, we have developed the most
15 dominant casino/resort entertainment projects in the
16 country. Our two Hard Rock Hotel/Casinos in Florida
17 are the most successful casino entertainment projects
18 ever built in the United States. And as I said
19 previously, our Maryland Live! facility in the
20 Baltimore/Washington market is the top-grossing casino
21 in the entire Mid-Atlantic market.

22 We have built two of the five largest
23 casinos in the country by number of gaming positions,
24 our Seminole Hard Rock hotel/casino in Tampa and our
25 Maryland Live! Casino. And our Maryland Live!

1 facility is the largest commercial casino in the
2 United States.

3 Between the Cordish Companies and Parx,
4 we operate two of the three top-grossing casinos in
5 the Mid-Atlantic market, Maryland Live! at number one
6 and Parx at number three in the entire Mid-Atlantic.
7 And as Tony had referenced before, we have experience
8 in doing it in a high-tax environment. In Maryland,
9 we pay a 67-percent tax on slots and a 20-percent tax
10 on table games. And so, between us, we have
11 experience, we have a proven ability, and we have done
12 it in high-tax markets.

13 Our Maryland Live! facility has been
14 recognized with all kinds of awards, both by the trade
15 as well as by consumers. We have been voted by Casino
16 Player Magazine as the best casino in Maryland. In
17 2012, project of the year, voted by Baltimore Business
18 Journal. We've also been recognized for our inclusion
19 of minority and women-owned businesses. In 2011, we
20 were recognized as the most inclusive company in the
21 State of Maryland by the D.C./Maryland Minority
22 Contractors Association.

23 Just this past month, in December,
24 Casino Player Magazine looked at the best of dining
25 and nightlife across the country. Maryland Live! was

1 the only facility in the State of Maryland to win
2 awards for its non-gaming amenities at its casino,
3 including best steakhouse, best seafood, best buffet,
4 best burger joint, best desserts, best overall
5 entertainment, best place to see a concert, best
6 overall service, best place for cocktails. So, this
7 is just focusing on non-gaming amenities. So, we
8 understand and have been recognized for our complete
9 entertainment experience that we create.

10 Our Hard Rock Hotel/Casinos in Florida
11 have been recognized with every award as being the
12 dominant and best casino in its region, including
13 everything from best overall casino, to best
14 entertainment, to best entertainment venue, to best
15 customer service, and on and on. So, again, having
16 done it, having done it for a long period of time,
17 having done it successfully is very important.

18 Our Live! brand that we have developed
19 across the country, both in the entertainment field,
20 as well as the gaming entertainment field, has been
21 recognized across the country. We operate the
22 Maryland Live! facility in Maryland, and we have
23 Xfinity Live! here at the stadium district in south
24 Philly. And our project will be branded under the
25 Live! brand as Live! Hotel & Casino.

1 Our Live! brand --- when we talk about
2 the ability to attract and work with tourism, our
3 Live! brand has been the top tourist attraction in all
4 the markets in which we compete. In fact, in
5 Maryland, we operate three of the top visitor
6 attractions in the state.

7 Moving on to the project, as Bob had
8 referenced earlier, we looked at all available sites
9 in the City of Philadelphia, and we all felt that the
10 stadium district was really the strategic location for
11 this second license for a number of reasons. First of
12 all, it gives the greatest geographic dispersion of
13 all of the --- when you take the existing facilities
14 in the market, and therefore, we believe it's the
15 location that's going to maximize new revenues and
16 minimize any cannibalization of the market. Also, it
17 has been shown across the country, when you have a
18 convenient highway-accessible site, that is always
19 going to out perform an inner-city site.

20 As you're all well aware, this site has
21 tremendous highway access from all the major highways.
22 Seventy-six (76) comes right into the porte-cochere of
23 our facility and easy access off of 95, as well as
24 down Broad Street in the City of Philadelphia.

25 And the stadium district itself, we've

1 looked and understand because of our background and
2 projects we've done and proven success, when you're
3 able to combine the gaming entertainment with other
4 existing attractions, one plus one truly equals three.
5 Today, there's more than eight million visitors to the
6 stadium district, attending more than 400 events on
7 more than 300 days a year. And 40 percent of these
8 visitors are coming from outside the Commonwealth.
9 And it's not just athletic events, although those are
10 very important events held in the stadium district,
11 they're concerts from international touring artists.
12 And one of the things we'll talk about in a little bit
13 is, well, we have a live music venue within our
14 facility. And others have talked about adding live
15 music venues. At the size that we and the others are
16 talking about doing these events, there's only a
17 certain market that you can draw.

18 We are the only one that's uniquely
19 situated to take advantage of the biggest
20 international touring artists. We are the only place
21 that Bruce Springsteen plays. We are the only place
22 that the Rolling Stones play. We are the only place
23 that Dave Matthews and bands like that play, bands
24 that will attract 20,000 and up. And that becomes a
25 key strategic marketing advantage for our property.

1 In addition to touring artists, you have major events,
2 from the World Series to Stanley Cup playoffs, to NCAA
3 Lacrosse, to Olympic presentations. So, there is
4 tremendous, tremendous attractions and marketing draw
5 to this stadium district, and we're there, we know how
6 to take advantage of those existing events and how to
7 cross market with the existing Stadium operations.

8 As an example, at our Xfinity Live!
9 project, which the Cordish Companies owns, I can give
10 you a sense of what happens during events right now.
11 We have a capacity of just about a little over 3,000
12 at full capacity within Xfinity Live!. On a typical
13 Eagles game, we'll have 6,600 patrons in our facility,
14 with a period of between two hours before and two
15 hours after a game. A Phillies game, 6,500 patrons.
16 Flyers games, 4,700 patrons. '76er's games, 2,300
17 patrons. And we're not just drawing when there's an
18 event at the stadium. As one example, during the
19 December 29th Eagles game away at Dallas, we drew
20 10,000 people to Xfinity Live!. So, we are in the
21 field. We're doing it. We understand how to cross
22 market with events, home and away.

23 This ability to understand how to draw
24 people to the stadium district and take advantage of
25 people who are already there through our event

1 marketing experience will carry over to the casino,
2 and it's a tremendous opportunity for us to market to
3 our VIP players, as well as new players, during game
4 days and away. We will do things like coaches corners
5 and celebrity appearances that tie in with events at
6 the stadium district. These are things we're doing
7 now and things that we'll be able to tie into the new
8 casino. Our NBC sports arena, which you see here,
9 these are the types of events that we're working
10 through the facility at this point.

11 In addition to the casino and our
12 existing Xfinity Live!, we have already approved by
13 the City a 400,000 square-foot expansion of Xfinity
14 Live!, which will add new retail entertainment and
15 hotel and dining attractions. So, this is a plan
16 that's already approved and allows for this full
17 integration of the stadium district for sports,
18 entertainment and gaming. And this slide here shows
19 you kind of the full build-out and integration of this
20 stadium district.

21 Now, to move into some of the specifics
22 on the project, we have a project team that is very
23 experienced in the design and development of gaming
24 projects and a team that has done it time and time
25 again and with us. So, we're used to working

1 together. You have ourselves and Greenwood as the
2 developer, BLT Architects as our lead architect, Cleo
3 Design doing the casino interiors, McLaren
4 Engineering, civil and structural, GSA doing the MVP
5 engineering. Stantec is our traffic engineers. And
6 TN Ward, our contractor. TN Ward was involved in the
7 construction of both our Maryland Live! facility, as
8 well as Parx here in Pennsylvania.

9 Basic overview. It's a \$425 million
10 project. Just one note on that. Our original budget
11 was \$406 million. And we have added since our initial
12 submission an additional \$19 million into our
13 contingency fund to take care of --- there's been
14 discussions of a potential ramp, and so we thought it
15 prudent to add some additional money into our
16 contingency fund.

17 We have a 2,600-space parking garage,
18 which is a speed ramp design, which is a very, very
19 effective ramp design to get people into and out of a
20 parking ramp effectively and efficiently. Our gaming
21 floor is all one level. And on the ground level we
22 have 2,000 slots and 125 table games programs, five
23 restaurants and bars, a live entertainment venue, and
24 a 200-key upscale, luxury hotel. This is the
25 Packer/Darien Street elevation, where the main

1 porte-cochere for the project is located. And as you
2 can see, we have designed a very vibrant urban
3 streetscape design. So, we've designed it so that we
4 can encourage and create this integration of a
5 pedestrian experience between all the venues in the
6 stadium district and the Live! Hotel & Casino.

7 The casino has finished them on all
8 sides. This is the Packer Street elevation, again,
9 carries this, you know, very vibrant, exciting
10 exterior elevation. We have sited restaurants along
11 the exterior perimeter of the site so we can allow for
12 outdoor seating around the facility, again, to create
13 that excitement with the pedestrian experience and at
14 the stadium district.

15 The Tenth Street elevation we see as
16 very, very important because Tenth Street is really
17 the primary street to create the pedestrian flow
18 through the stadium district, which was so critical
19 why we selected this site, because this really
20 provides the most natural flow of people within the
21 stadium district and, from a planning standpoint,
22 allowed for this kind of full build-out and creating
23 of this stadium district really as a single
24 attraction.

25 This is the site plan for the project.

1 We have actually carried our planning very, very
2 extensively. Actually, we have a full set of plans
3 prepared to submit for site plan approval with the
4 City. We had actually wanted to have pre-filed the
5 plans, but the City said that they preferred to wait
6 until the Commission made its selection before they
7 started to review the site plan submittals. But we
8 are ready to submit immediately for those site plan
9 approvals. And we have designed the project so that
10 no variances are required, so that we meet all the
11 planning requirements of the City.

12 On the floor plan here you can see we
13 have a one-level gaming floor. We have restaurants on
14 the perimeter of the space that have outdoor dining as
15 well integrated in. And we have two points of control
16 on the Darien Street side and on the Tenth Street side
17 so that we can very efficiently control access to the
18 gaming floor.

19 We have nine levels of rooms and a hotel
20 tower, including a full complement of suites. And I
21 will show you in a little bit the --- what the new
22 hotel rooms will look like.

23 From a parking standpoint, if you look
24 at any research that's done for regional gaming
25 facilities and the attributes of what the gaming

1 consumer looks for in a regional facility, the number
2 one request is convenient parking. And we have
3 designed this facility so that you have minimum
4 distance from your parking space into the casino.
5 That's the reason for the speed ramp design of the
6 facility, so you can get to the top of this facility
7 quicker than you can get to the second or third level
8 of most garages that you will see within the city.

9 And this section can kind of give you a
10 sense of how easy it is to get from the garage down
11 into the casino. Again, very, very convenient access
12 into the casino. And that was a key part of the
13 planning for this facility.

14 As you know, there's an existing hotel
15 on the site, and we are going to completely renovate
16 the hotel into a luxury hotel. This shows you what
17 the design for the hotel rooms look like. And this
18 was all --- again, everything you see we are doing in
19 one phase, gets done all at one time.

20 The casino floor itself will have a very
21 upscale finishes, similar to what we have produced at
22 Maryland Live! and Parx has produced at its facility
23 here in Pennsylvania. So, very, very fine finishes,
24 upscale. This will be akin to any newer property
25 built in Las Vegas or Macau.

1 We'll have a variety of dining options,
2 including an upscale fine dining restaurant. And here
3 you see the quality of what we see that fine dining
4 restaurant looking like. We'll have a state-of-the-
5 art entertainment venue. We'll have a multi-station
6 Live! market restaurant as well, that has the feeling
7 of a fresh market, freshly-prepared foods that will
8 provide for quick service. And then, of course, we'll
9 have a high-energy bar in the center of the gaming
10 floor to create excitement in the middle of the floor.

11 Our budget is \$425 million and change.
12 And as I noted before, we've added some money into our
13 contingency since our original submission. And our
14 project schedule is approximately 15 months from the
15 time we start. This schedule shows months, but, of
16 course, really the important thing to do is look at
17 the duration from the time that we're given the
18 ability to start, we're looking at about a 15-month
19 schedule. And to put it in perspective, we built a
20 two million square-foot facility in Maryland, at our
21 Maryland Live! facility in 13 months. So, we think
22 the 15 months is a very achievable schedule. Now,
23 you'll get a sense through this slide show of what the
24 facility will look and feel like.

25 VIDEO VIEWED

1 MR. RICCI

2 As you can see it's a beautiful
3 property. It's one that's consistent with what
4 Greenwood and Cordish are known for, and we're very
5 excited about it. I'd now like to walk you through
6 very quickly what we see as the economic benefit of
7 this project and the projected revenue in gaming
8 taxes.

9 We utilized IMPLAN, which is the
10 industry-standard tool for developing economic impact
11 studies. The analysis was based on our development in
12 construction budget and the revenue and the operations
13 of our facility, once it is open.

14 The analysis examined the direct impacts
15 associated with the expenditures that are traced
16 directly to the construction and the operation of the
17 facility and those indirect and induced impacts that
18 are a result of the multiplier effect. This model
19 concluded that our project will generate \$398 million
20 of economic output over the 18-month construction
21 period, along with \$157 million of new personal
22 earnings, and 3,000 new state and county jobs, both
23 direct and indirect.

24 Post construction, once we're
25 operational, we project to generate \$422 million of

1 economic output, \$87 million of new state personal
2 earnings, \$147.2 million added to the state's coffers,
3 2,118 new jobs, both direct and indirect, and a total
4 of 4 million additional visitors annually. As part of
5 this economic model, a gaming market assessment was
6 conducted, and it studied the local population within
7 a two-hour drive time, the number of tourists visiting
8 our region, patrons of the sporting venues, and the
9 on-site hotel that we have. The assessment was
10 conducted using a Gravity Model, which is the standard
11 for projecting revenue from a gaming operation. It
12 was populated first with revenue from existing gaming
13 facilities in Pennsylvania, as well as some of the
14 other regional jurisdictions. We then calibrated that
15 with publicly-recorded data, research and experience
16 that we have on gaming habits and spending. We then
17 introduced changes to the competitive market, such as
18 the SugarHouse expansion. And then finally, our new
19 property was input into the model for new supply, and
20 adjustments were then implemented.

21 We believe that we will benefit the
22 most, and the state will benefit the most from our
23 location, as Bob Green alluded to earlier, due to its
24 strategic positioning and location and the strength of
25 the Cordish and the Greenwood teams. We had more than

1 38 million people visit Philadelphia in 2011. Within
2 five miles of our casino there will be 70 hotels and
3 15,000 rooms. As Joe alluded to earlier, the sports
4 complex has more than eight million visits annually.
5 The 200-room, on-site hotel will allow for additional
6 marketing of the property and enable us to serve a
7 market that is presently not being served by Harrah's
8 and Chester, SugarHouse, or Parx even, for that
9 matter. So, this assessment was based on many
10 assumptions, and it's really in a theoretical,
11 laboratory-type environment.

12 And as Bob mentioned earlier, you now
13 have to apply real-world sanity checks to the data
14 that comes out. Because, left unchecked, you could
15 see some of the numbers that you've seen from some of
16 the other applicants, such as win-per-units that are
17 40 to 50 percent beyond what the market is currently
18 experiencing. We feel very fortunate that we have a
19 distinct advantage, and Bob referred to it in his
20 conversation, that we are the only applicant that
21 actually operates in this market. We've operated
22 extensively on the racing side since 1990 and in the
23 gaming side very successfully since 2006. So, unlike
24 the other applicants who are projecting and estimating
25 and, to some extent, guessing, we know. And we then,

1 having our own internal data that we could draw from
2 and also some of the other available data that's
3 external, we developed a set of projections.

4 I would also like to expand on what Bob
5 had said about the differences in the location because
6 I think it's very important in this exercise. We had
7 the opportunity to submit an application for a Center
8 City location. Bob and I were approached by many
9 developers who had property in the Center City
10 district. We had no interest. We know it is not a
11 viable option simply based on our knowledge of this
12 market. We know it has logistical challenges in that
13 area, and we also know that the market isn't large
14 enough to support both SugarHouse and a casino in that
15 Center City district. They would simply slug it out
16 over the same market, and in effect, you'd have two
17 unprofitable facilities.

18 As we considered, you know, where we
19 would want to put an application in or if we would put
20 an application in during this process, we knew there
21 was only one location that had a chance to contribute
22 incremental revenue to the state. It's the stadium
23 district. What the Cordish Company has done with
24 Xfinity Live! proves that you can leverage the
25 visitation from the stadiums. As Joe mentioned

1 earlier, you have people now coming earlier, leaving
2 later. It actually helps to spread out traffic, but
3 it also attracts people from a wider area. It's a
4 distinct advantage that location has. Knowing what we
5 know about this city, we know no other location would
6 work. We know we have consideration of market
7 saturation, market cannibalization, and potential net
8 incremental revenue to think about as a Gaming Board
9 and also as an operator. We knew this was the one
10 that had the best chance of success. We believe in
11 it, and we know we can leverage the visitation, just
12 like Xfinity has, and turn this into a very profitable
13 operation that will generate incremental revenue for
14 the state.

15 We also are very proud of the fact that
16 we've exceeded our projections that we gave the Gaming
17 Board when we first opened in 2006. We value our
18 reputation with the Gaming Board. And we have no
19 intention or no interest of blowing smoke in your
20 direction. We are not going to give you win-per-unit
21 projections that are out of sync with what goes on in
22 the marketplace. What we've given are very realistic
23 and reasonable projections that we're very comfortable
24 with that we can achieve because we want you to know,
25 and we know you know that, that we'll deliver on our

1 promises. Joe and I believe there is some upside to
2 these numbers, given the strength of our location and
3 the strength of our respective teams, but these are
4 the numbers that we feel comfortable submitting
5 because, truly, this --- even on this level, it's a
6 viable project.

7 So, I'd now like to walk you through the
8 projected revenue and taxes from this project. In
9 year one, we're projecting \$296 million of revenue.
10 And once our marketing and awareness campaigns kick in
11 and we develop our database, we see that growing to
12 \$344 million in year five. The resulting tax revenue
13 to the state is \$124 million in year one. And I'd
14 like to point out a small error in years three through
15 five, where we failed to reduce the table games stats
16 from 16 percent to 14 percent. So, the actual tax
17 revenue to the state in year five will grow to \$143
18 million, approximately.

19 I would now like to turn over the
20 analysis of cannibalization to Ernie D'Ambrosio,
21 gaming analyst with Strategic Market Advisors.

22 MR. D'AMBROSIO:

23 Good morning. My name is Ernie
24 D'Ambrosio, D, apostrophe, A-M-B-R-O-S-I-O, and I'm a
25 gaming consultant with Strategic Market Advisors. SMA

1 is a consulting firm that specializes in the field of
2 gaming and hospitality. I have over 13 years of
3 gaming experience as a consultant ---.

4 CHAIRMAN:

5 Excuse me, sir. Could you speak ---
6 pull the microphone down and speak into it?

7 MR. D'AMBROSIO:

8 Okay?

9 CHAIRMAN:

10 That's better.

11 MR. D'AMBROSIO:

12 I've been a gaming consultant for over
13 13 years. During this time, I have produced or
14 supervised over 300 gaming market-related studies
15 based out of New Jersey. So, I focused on the
16 northeast region of the country. And I've done a
17 number of studies in Pennsylvania, including market
18 studies and impact that the introduction of table
19 games would have on the market.

20 The cannibalization analysis used the
21 original gravity --- oh, I'm sorry. I prepared two
22 expert reports, one developing financial projections
23 and the other measuring economic developments
24 associated with the Stadium Casino project. Both
25 reports were part of the original application. Using

1 my original methodology, I conducted a follow-up
2 gravity model to measure and compare incremental
3 gaming revenue and cannibalization pertaining to the
4 Stadium Casino and a potential Center City project.
5 As to the follow-up cooperative analysis, I did not
6 prepare an expert report but instead prepared
7 PowerPoint slides to rely on in presenting this
8 testimony. The result of my follow-up analysis on
9 comparative gaming, incremental gaming revenue and
10 cannibalization were provided to the other parties
11 through the comparative notice process. Other than
12 that, I did not conduct or rely on any tests,
13 experiments, examinations, studies or documents.

14 When we look at the cannibalization
15 analysis, we use the initial model that I had
16 prepared. The buildup of that model included the
17 competitive properties and the markets where these
18 properties draw from. This allowed us to assess what
19 the potential cannibalization was for this property.
20 That same model, then, we've taken the Stadium Casino
21 location and dropped in a Center City location to
22 redistribute the gaming business.

23 The gaming factors, the propensities and
24 frequencies that were included in the initial model
25 were adjusted to reflect the distance factors for the

1 different locations. And the impact analysis
2 considered all the local Philadelphia properties,
3 SugarHouse, Harrah's, Parx, and Valley Forge.

4 We concluded the Stadium location would
5 generate \$321.8 million in gaming revenue. It would
6 grow the Philadelphia concentrated gaming market 19.6
7 percent, with a significant growth drawn from stadium
8 event visitors. The new net revenues to Pennsylvania
9 equal \$233 million.

10 When we consider the Center City
11 location, the model suggests that the casino would
12 generate \$311.8 million in gaming revenue. It would
13 cannibalize \$119.2 million, or 5.9 percent of the
14 base. It would grow the Philadelphia market 16.4
15 percent. And a new net revenue would equate to \$192.5
16 million.

17 In comparison, the two locations ---
18 Stadium Casino will generate \$10 million, or 3.2
19 percent more in GGR, gross gaming revenue. It will
20 generate \$446 million, or 21. more total gaming
21 revenue to PA, to Pennsylvania. It will cannibalize
22 \$30.6 million, or 25.7 percent, less gaming revenue
23 than the Center City location. And it will generate
24 approximately 17 more in additional gaming taxes
25 annually.

1 MR. RICCI:

2 We're now going to have Adam Catherine
3 from Stantec walk you through the traffic impact
4 study.

5 MR. CATHERINE:

6 Good morning, Mr. Chairman, members of
7 the Board. My name is Adam Catherine, last name
8 C-A-T-H-E-R-I-N-E, associated with Stantec Consulting,
9 in the area of traffic engineering and transportation
10 planning, a Bachelor's of Science in civil engineering
11 and a Master's degree in civil engineering from the
12 University of Delaware, where I also serve as adjunct
13 faculty in the area of traffic engineering. I have
14 seven years of experience and a licensed Professional
15 Engineer in the States of Delaware, New Jersey, and
16 Pennsylvania, and I have provided testimony in
17 approximately ten Board hearings and public meetings
18 in the past.

19 We prepared the Stadium Casino's traffic
20 impact reports, which are posted on the Board's
21 website. We also reviewed the traffic impact reports
22 sponsored by Market 8 and the Tower to evaluate the
23 soundness of their respective methodologies and
24 results. We did not prepare an expert report
25 regarding the analysis of the Market 8 and Tower

1 studies, but instead we prepared PowerPoint slides to
2 rely on in presenting the testimony.

3 Other than the various traffic impact
4 reports that are already on the Board's website I did
5 not conduct or rely on any tests, experiments,
6 examinations, studies or documents.

7 In terms of this traffic impact study
8 that was conducted for Live! Hotel & Casino, it
9 existed --- the study area consisted of 19 inner
10 sections within the Stadium area district and four
11 peak hours, looking at a typical Friday commuter peak
12 hour, looking at a Friday peak hour and the hour
13 before a Phillies event at Citizens Bank Park, which
14 is the stadium that is closest to the site, and then a
15 Friday and Saturday evening peak period. And these
16 are the peak periods that we anticipate the most
17 traffic to be generated by the casino site. The study
18 area and times were determined through coordination
19 with Orth-Rodgers, PennDOT and the City of
20 Philadelphia Streets Department.

21 In order to calculate the number of
22 trips generated by the proposed site, we based that on
23 the average of three existing casinos, one being
24 SugarHouse, the other being the Rivers Casino in
25 Pittsburgh, Pennsylvania, which is pretty much in a

1 similar urban stadium district as what we're dealing
2 with here in Philadelphia.

3 We utilized trip credits that were
4 identified by the Philadelphia Gaming Advisory Task
5 Force in their interim summary --- executive summary
6 of the Interim Report of Findings for our transit trip
7 credits. And we also utilized trip credits for before
8 and after a Philadelphia Phillies game that were
9 specified in the Sports Complex Traffic Management
10 Plan which was prepared by Langan Engineers in 2010.

11 The proposed development is located in
12 an area of Philadelphia that has upgraded local
13 roadway facilities, as well as ample freeway
14 connections that were designed to accommodate a large
15 amount of traffic volume that's generated by the
16 events in the stadium complex. Because of this ample
17 capacity, the results of the capacity analysis
18 presented in our documents show that the proposed
19 development would result in only minor intersection-
20 specific impacts, which would be mitigated through
21 low-cost improvements, such as signal timing
22 adjustments, new and improved pedestrian facilities,
23 left turn treatments, and some additional coordination
24 of traffic signals. This slide just briefly shows
25 where those improvements would occur. The two blue

1 circles identifies just some signal timing adjustments
2 at the intersections of Packer and South Broad, as
3 well as Front Street and the I-95 ramp. The three
4 signalized intersections that are immediately adjacent
5 to our site would be upgraded to a coordinated,
6 actuated signal system, with pedestrian upgrades that
7 were --- so those intersections become ADA compliant,
8 providing an additional westbound left turn lane from
9 Packer Avenue onto Darien Street, as well as providing
10 some protective permissive left turn treatments,
11 essentially left turn arrows, in the Darien --- Packer
12 Avenue approaches of Seventh Street.

13 These next few slides compare the
14 existing condition, overall level of service results,
15 for each of the four study periods, compare an
16 existing condition compared to the proposed --- the
17 casino traffic with the proposed mitigation measures.
18 As you can see, for the most part, in all of these
19 periods we are returning the intersections back to the
20 original level of service. And those that aren't
21 exactly back to the original level of service are
22 within the ten-second delay threshold set by PennDOT
23 for mitigation. In fact, in the second slide, for the
24 pre-Phillies peak hour, you notice that we're actually
25 improving the Tenth Street and Darien Street

1 intersections over when compared to the existing
2 conditions. That's right in the time right before a
3 Philllies game.

4 Again, the next two slides --- of
5 course, during the Friday evening and Saturday evening
6 peak hours, this roadway network is pretty much ---
7 has very little volume, so it's got really good level
8 of service. And we're going to be maintaining that
9 level of service as we move forward with our
10 mitigation measures.

11 I'm going to talk now about our review
12 of the Market 8 traffic impact study. And if you
13 notice, the second table here shows some information
14 that was prepared previous to the revised traffic
15 study provided Market 8. And you can see that we
16 identified Market 8 had a lower trip generation rate.
17 That was actually calculated in error from the
18 SugarHouse rates that they were utilizing. And so,
19 because of this --- because of the fact that we found
20 this information, Market 8 has since revised their
21 traffic trip generation numbers.

22 And the first thing here denoted is
23 that, on the existing --- the first bullet here is
24 kind of the most important item that has not yet been
25 addressed by the revised traffic impact study, and

1 that is that Market 8 still has not addressed --- when
2 we went through the traffic impact report for Market
3 8, we identified that the level of service results in
4 the existing condition were artificially good. And I
5 note that, for any of you that have driven in this
6 area during, let's say, for example, the evening
7 commuter peak hour, that level of services A and B and
8 C seem to be a little bit optimistic. So, digging a
9 little bit deeper into the report, we identified that
10 the consultant did not identify the existing --- or
11 measure the existing traffic congestion in the field
12 to calibrate their analysis model.

13 So, essentially --- usually when you're
14 doing a traffic study and you're trying to measure
15 existing conditions, operations, you want to go out in
16 the field and measure traffic in terms of how many
17 vehicles are not getting served by one cycle length at
18 a traffic signal. And then what you would do is you
19 would add that volume back into your analysis model in
20 order to calibrate it so that you're presenting the
21 results as they actually are out in the field today.
22 So, as a result, if you don't calibrate the traffic
23 model, obviously, you're going to get artificially
24 good level of service results, which will then be
25 carried through the rest of the analysis, even after

1 adding those revised trip generation numbers in.

2 MR. WEINBERG:

3 And for the sake of time, I just want to
4 make a few quick points on Market 8 in terms of
5 comparison. One, that the Market 8 project does not
6 meet the requirements of the City's gaming overlay.
7 Two, on their parking --- as I mentioned before,
8 parking is really a critical element for these types
9 of facilities. And to ignore that fact is at the
10 peril of the success of the project. And three, it's
11 one thing to have a single facility in the City of New
12 York with 17 million people and no competition, but to
13 have a multi-level gaming facility, it is not a good
14 model for success and has not proven successful in
15 many places around the country.

16 We're also going to --- we've provided
17 some comparative information on The Provence, but I
18 think you've probably heard that ad nauseam over the
19 past couple of days. So, with that, we're going to
20 move over to talking about diversity and our diversity
21 and community outreach programs.

22 MR. RICCI:

23 In the interest of time --- yes?

24 CHAIRMAN:

25 If I could ask the gentleman from

1 Stantec, could you approach the microphone? Do you
2 agree with the statements made by Mr. Weinberg just a
3 moment ago?

4 MR. CATHERINE:

5 I do.

6 CHAIRMAN:

7 Thank you.

8 MR. RICCI:

9 In the interest of time, I'll do an
10 express version of the PowerPoint slides that we have
11 here for diversity and community outreach. You all
12 know our record of achievement in this area. We're
13 very proud of it. Mr. Ron Davis, our Director of
14 Diversity and Community Development, has done an
15 outstanding job. As you saw from the testimonials and
16 our video of working together with the community, the
17 Cordish Companies also have a similar outstanding
18 reputation. And obviously, we intend to bring that
19 hard work, that effort, to this project.

20 I would like to point out that we are
21 also part of the fabric of the Philadelphia community,
22 not just the Bensalem community. We were one of the
23 original sponsors of the Welcome America initiative
24 that then Mayor Ed Rendell introduced for 4th of July
25 activities back in the '90s. We also sponsored a

1 carousel at the Constitution Center at Franklin
2 Square. And we're also the title sponsor of the
3 Philly Cycling Classic. It's an iconic event that
4 will be held in June of this year. And it is the
5 highest single-day biking event in the country ---
6 highest-rated single-day event. We are also sponsors
7 of the Philly Pops Orchestra here in Philadelphia,
8 too. So, our reach extends beyond Bensalem. As I
9 said earlier, we do know this market, and we're part
10 of this area. Joe would like to present a video with
11 some testimonials as to the achievements of the
12 Cordish Company in this area.

13 VIDEO PLAYED

14 MR. RICCI:

15 The next portion of the presentation
16 relates to our technology and also our compliance
17 initiatives. And I'll, again, condense them to be
18 brief. You're very well aware of our record in the
19 technical area. John Dixon, our chief technology
20 officer, has been with us for approximately 25 years.
21 And with him and his talented team, we are one of the
22 innovators in this industry. The Cordish Company,
23 equally strong. They have their own in-house group.
24 We set up our first --- we were the first in the
25 country to set up a high-speed Ethernet slot floor.

1 As you're well aware, we have a very advanced
2 surveillance system. Cordish Company is very good in
3 this area, also. And we intend to bring all these
4 talents to this project.

5 Our record on compliance is outstanding,
6 as you know. In the State of Pennsylvania, our
7 internal controls are very solid. The Cordish Company
8 has an excellent record of internal controls and
9 compliance in Maryland. And again, we will bring that
10 same level of effort to this project.

11 I'd like to just close by saying, in my
12 view, we are the winning applicant, without a doubt,
13 in this process. We have the best location, we have
14 the best team, and we have the financial strength to
15 complete this project. Thank you very much.

16 MR. WEINBERG:

17 We're available, of course, for
18 questions. But just as a final statement, as I said
19 in the beginning, we're not dependent on anyone else's
20 money. We're not dependent upon Wall Street. This
21 project will get done. No team has more experience in
22 developing destination, best of class, highest-
23 grossing facilities.

24 We've presented to you what we believe
25 are the realistic projections for this project, and

1 you know, we've just sort of --- we've committed to
2 telling it like it is. And we're ready to start
3 immediately and have no obstacles to proceeding if
4 selected by the Commission. So, thank you very much.

5 CHAIRMAN:

6 Thank you, gentlemen. And before we
7 begin the questioning, I think we should take --- why
8 don't we say ten minutes' recess? We'll be back at 20
9 of 12:00.

10 ATTORNEY KOHLER:

11 Chairman Ryan?

12 CHAIRMAN:

13 Yes.

14 ATTORNEY KOHLER:

15 Just as housekeeping, before I forget,
16 move to admit the presentation, both electronic and
17 hard copy form, and ask you to accept the expert
18 testimony of the two experts.

19 CHAIRMAN:

20 Cyrus?

21 ATTORNEY PITRE:

22 We have no objection.

23 CHAIRMAN:

24 No objection. They will be admitted.

25 (Stadium Casino Exhibits One and Two

1 marked for identification.)

2 SHORT BREAK TAKEN

3 CHAIRMAN:

4 Thank you, ladies and gentlemen. At
5 this point we will open it up to the members of the
6 Board for questions. Dave?

7 MR. WOODS:

8 Thank you, Mr. Chairman. Just one
9 question concerning the operating agreement. As I
10 read it, and it's been presented to me in part here,
11 the members have agreed to a dispute resolution
12 process. Should a dispute arise after the issuance of
13 the license but before the opening of the facility
14 that requires the Board or member approval, it may
15 result in the dissolution of the company. Failing to
16 resolve within ten days one member's notification to
17 the other member of a deadlock issue could trigger
18 such a dissolution. There's reasons for it. You're
19 familiar with the operating agreement. I'm sure its
20 language was put in there just to protect people, not
21 anticipated that it would happen. But we do have a
22 newspaper in Philadelphia that has a dispute going on.
23 I'm just wondering, you know, what would happen if you
24 have been issued a license and you have a dispute,
25 they call it a deadlock issue. Where does that leave

1 the State of Pennsylvania?

2 MR. RICCI:

3 Yes, it's the deadlock resolution, Joe.
4 We had originally proposed that Joe and I shoot foul
5 shots.

6 CHAIRMAN:

7 Speak up and into the microphone, sir.

8 MR. RICCI:

9 Sure. Sure. We originally proposed
10 that Joe and I would shoot foul shots. But as you
11 said ---.

12 MR. WEINBERG:

13 This is a true story.

14 MR. WOODS:

15 Well, I do see that you have flipped a
16 coin on other issues, and I'm interested in ---.

17 MR. RICCI:

18 We coin flip on others. It was just
19 good practice to have some method of resolving
20 disputes. And it would no way leave the State of
21 Pennsylvania in jeopardy. It would just be a decision
22 between the owners to take one or the other out.

23 MR. WOODS:

24 Thank you.

25 CHAIRMAN:

1 John?

2 MR. MCNALLY:

3 With regard to the other owners within
4 the stadium districts, do you have any agreements with
5 them with regard to parking or marketing, cross
6 marketing, or anything of that nature?

7 MR. WEINBERG:

8 Well, today, we are working very closely
9 with Xfinity Live!, with all the stadium owners, and
10 we have parking agreements and cross marketing
11 programs which we expect to extend to the casino as
12 well.

13 MR. MCNALLY:

14 With regard to Xfinity Live!, are there
15 plans to expand Xfinity Live!?

16 MR. WEINBERG:

17 There are. In fact, we have a plan,
18 which I showed previously, which is approximately a
19 400,000 square-foot expansion of the project that's
20 already approved by the City.

21 MR. MCNALLY:

22 To what extent, if any, do you see
23 Xfinity Live! competing with some of the amenities
24 that you'll be offering at the casino?

25 MR. WEINBERG:

1 We look at it as purely complimentary.
2 So, you know, a key part of our marketing strategy is
3 to cross market really to treat the stadium district
4 as one venue and to cross market between the
5 hotel/casino, Xfinity Live!, as well as each of the
6 stadiums. So, to us, that's a tremendous opportunity.
7 And when you look at it that way and you add up what
8 we have at Xfinity, the stadiums, as well as what's
9 planned for the hotel/casino, we have really among the
10 greatest amenities that exist anywhere in the country.
11 And in fact, there is no place in the country that has
12 every Major League sports league that plays,
13 international touring artists, hotel/casino, as well
14 as the dining and entertainment that we'll have at the
15 stadium district.

16 MR. MCNALLY:

17 And I assume that there will also be
18 some cross marketing between this and your other
19 properties in other jurisdictions; correct?

20 MR. WEINBERG:

21 Absolutely. We plan to --- between us,
22 we have a database of about a million-and-a-half
23 customers in the Pennsylvania and Mid-Atlantic market,
24 and we will be cross marketing our Rewards cards among
25 our properties. And so, that will be also a very

1 important part of our marketing programs.

2 MR. MCNALLY:

3 So, there will be some level of
4 cannibalization beyond the immediate Philadelphia
5 market; correct?

6 MR. WEINBERG:

7 I don't look at it as cannibalization.
8 So, for instance, from Maryland Live! we have
9 customers that want to attend events, and in
10 Philadelphia we have people who come up for concerts
11 and sporting events all the time. Parx, as well, has,
12 you know, customers who are attending events at the
13 stadium district. And Parx today is a big sponsor of
14 the teams that --- in the stadium district. So, it
15 gives us an opportunity to enhance our customer's
16 experience by being able to offer these opportunities.
17 So, we view it as, you know, completely complimentary
18 and additive.

19 MR. RICCI:

20 You know, I'd just add to that that this
21 represents a unique opportunity to attack a market
22 that we're not serving today. We know customers that
23 we have in our database do share their wallet with the
24 Atlantic City casinos. They did before we opened, and
25 they continue to do so on a less frequent basis.

1 We feel that, this location, given its
2 proximity to the stadium district, enables us to steal
3 some trips, really, from Atlantic City much more than
4 us. We're getting more of the convenience trip, where
5 if a customer doesn't come to us, he's going for
6 something we don't offer today. With the amenities in
7 the stadium district now, and we're thrilled to see
8 Xfinity expand because that is complimentary amenities
9 that we could use to really market that whole area,
10 along with the events that occur on a regular basis,
11 we feel we have a good chance to steal even more trips
12 from Atlantic City from our existing database.

13 MR. MCNALLY:

14 With regard to internet gaming in
15 Atlantic City and the possibility that it may be
16 coming to Pennsylvania, how do you see this, if at
17 all, affecting your projections?

18 MR. RICCI:

19 It does not affect our projections.
20 And, at this point in time, we haven't seen any impact
21 from internet gaming, although it is still early. You
22 know, we're hopeful that it represents an opportunity
23 for us. Joe can expand on what they've done with the
24 Play for Fun site in Maryland and how they've, you
25 know, collaborated with the bricks-and-mortar casino

1 to create synergy there. But I don't see it impacting
2 those projections.

3 MR. WEINBERG:

4 And we've spent a lot of time in the ---
5 studying and actually implementing in the internet
6 space. And the mistake that we see happening in New
7 Jersey is that the online gaming is not being used to
8 drive incremental traffic to the brocks and mortar.
9 It is being treated as a completely separate entity.
10 In fact, you see the facilities in Atlantic City who
11 have a third-partied out their online gaming.

12 In Maryland, because online gaming is
13 not approved, we were the first casino in the country
14 to integrate a play-for-free full online gaming site
15 with its --- the marketing of its bricks-and-mortar.
16 So, today, we are the first one to do this. We are
17 using online gaming as a marketing tool for our
18 Maryland Live! Casino. And we are finding, and
19 third-party research also that we've seen, but you
20 know, if we look at our own proprietary data, we're
21 finding that those people who come to us through the
22 internet are our best and most valuable customers in
23 bricks and mortar. And so, there's a tremendous
24 opportunity to use online gaming here in Pennsylvania
25 as a complement to --- and a driver for the bricks and

1 mortar. And that's really the way it needs to be. It
2 needs to be implemented.

3 Our online site is set up so that, you
4 know, basically, if online gaming is approved, we can
5 flip the switch and go to the pay-for-play. But in
6 the meantime, we're using it --- we would do the same
7 thing here in Pennsylvania, to use a play-for-free
8 online site as a key part of our marketing for the
9 project.

10 MR. RICCI:

11 That is something we're watching
12 closely, obviously, at Parx, too. I think what sets
13 this location apart is, you know, we're looking to
14 leverage people that are attending events. And these
15 people are going out. They're not going to stay home
16 and gamble. They're taking advantage of that whole
17 stadium district entertainment complex.

18 MR. WEINBERG:

19 And it makes common sense when you think
20 about it. If someone reads Sports Illustrated,
21 they're probably more inclined to go to an actual
22 sporting event, just like someone who's --- who plays
23 online is also more of an enthusiast and more likely
24 to go into the bricks and mortar. And it's critical
25 that the two be, you know, interlocked.

1 MR. RICCI:

2 Right.

3 MR. MCNALLY:

4 With regard to the surrounding
5 community, have you met with many of the community
6 groups to discuss their concerns with regard to the
7 project and how you'll address them?

8 MR. WEINBERG:

9 We have. We've met with the special
10 services district that's in our area, as well as a
11 number of the community groups. We've had several
12 meetings where we have gone through what some of the
13 concerns are in the neighborhoods. We actually made
14 some modifications to our plans for the facility as a
15 result of those meetings. Initially, we had a rooftop
16 kind of party deck on the facility. There was some
17 concerns expressed in the community about potential
18 noise overflow from that rooftop, so we changed the
19 plan to enclose that area.

20 Another one of the concerns we had heard
21 was --- and again, these issues typically don't ---
22 aren't addressed to the casino but existing issues
23 that the community would like to see addressed. So,
24 one of the issues was a desire to have cameras in the
25 neighborhoods around the facility tied into the police

1 camera system. So, we've sent a letter to the special
2 services district and the communities that, you know,
3 we're prepared to put in a camera system into the
4 neighborhoods that will tie into the police system, as
5 well as things like priorities on hiring in the local
6 community and incorporating local businesses into our
7 purchasing program.

8 MR. MCNALLY:

9 Wonderful. Switching gears just a
10 little bit. Alan and I had Professor Mar (phonetic)
11 for business organizations in law school, so I'm a
12 little bit interested about Section 1336 and the
13 corporate structures. In particular, you had
14 addressed Mr. Manoukian's ownership interest. And
15 under your analysis, it will not exceed, I guess, 33
16 percent; correct?

17 ATTORNEY KOHLER:

18 Technically, 33.3 percent, one-third.

19 MR. MCNALLY:

20 One area of concern that I have is with
21 regard to the Sterling Trust and his being both the
22 settlor of that trust and the control that he can
23 exercise over that trust and whether that flows over
24 into the interest that is included in that 33 percent.
25 Can you address that?

1 ATTORNEY KOHLER:

2 He is the settlor and grantor of the
3 trust. But under the trust documents, which are in
4 the application, and very typically, in a trust of
5 this nature, the settlor and the grantor have
6 absolutely no, you know, control, say, et cetera, in
7 the trust property, where, if there's any issue, it's
8 in the role as trustee because the trustee has legal
9 title to the property trust. But there should be no
10 issue in his role as forming the trust.

11 MR. MCNALLY:

12 So, a very fine line is drawn between
13 him having a legal versus an equitable interest;
14 correct?

15 ATTORNEY KOHLER:

16 Yeah. I don't know how fine the line
17 is, but legally I think it's a very bright line. But,
18 you know, the term ownership in the Gaming Act has
19 been interpreted to mean equitable ownership. And
20 there's no doubt who has the equitable ownership here.
21 It's the beneficiaries of the trust.

22 MR. MCNALLY:

23 And if the Board would have a different
24 interpretation, your statement was that Plan B is that
25 you have the right to cure; correct?

1 ATTORNEY KOHLER:

2 Correct.

3 MR. MCNALLY:

4 What is Plan B?

5 ATTORNEY KOHLER:

6 I mean, I think the best way to approach
7 this is, if it were necessary, we understand that the
8 structure of the trustee, which is Sterling Investors
9 Trust, could be modified to conclusively resolve any
10 concerns with the requirement. And we could do it
11 without having to qualify any additional people.

12 CHAIRMAN:

13 I'm sorry. I didn't hear that, Mr.
14 Kohler.

15 ATTORNEY KOHLER:

16 We can do it without having to qualify
17 any additional people.

18 MR. MCNALLY:

19 Thank you. That's all I have.

20 ATTORNEY KOHLER:

21 But I mean, I think the backdrop of all
22 that is, under 1330 itself, this has to be done to the
23 Board's satisfaction. The Board actually has to
24 approve it. So, you know, we would have to be --- you
25 know, it would be a process where, you know, the Board

1 and the Board's staff would have input, so ---.

2 MR. MCNALLY:

3 Just a little follow-up, Alan, and it's
4 on the Manoukian Trust. Can you tell me when the
5 trust was established, the date?

6 ATTORNEY KOHLER:

7 I'd have to go to the records to get the
8 exact date, but it was established not long, you know,
9 in the preparation phase of the application prior to
10 November of ---.

11 MR. MCNALLY:

12 Is it an irrevocable trust?

13 ATTORNEY KOHLER:

14 It is.

15 MR. MCNALLY:

16 Thank you. I'm delighted to hear that
17 you were working with the local stadium district
18 residents. That's encouraging to hear that. Both PHL
19 and PHL Gaming was not committed to this project, but
20 yesterday said they were. Gaming Ventures has also
21 said they would be committed to a project, and that
22 project being the on ramp to I-76. Would you make
23 that type of commitment? I heard you kind of allude
24 to it, but really didn't specify. I heard you saying
25 you put more money into the mix, and maybe it was

1 because of the I-76 on ramp. But that is a big
2 concern in that district, and it would certainly help
3 mitigate some of the concerns. And I'm just wondering
4 if you kind of changed your position from studying to
5 maybe building?

6 MR. WEINBERG:

7 Well, the reason why we initially ---
8 you know, we committed to considering it, looking at
9 it, because, quite frankly, it's not --- it hasn't
10 been fully vetted out. And that's the only reason
11 for, you know, our words of, you know, looking at it,
12 so we're ---.

13 CHAIRMAN:

14 Excuse me. I'm sorry. It hasn't been
15 vetted out by whom?

16 MR. WEINBERG:

17 By, you know, the State at this point,
18 by PennDOT, by the --- you know, it hasn't been
19 designed and absolutely aren't any issues in ---.

20 MR. MCNALLY:

21 So, is it a \$3 million project or a \$50
22 million basically.

23 MR. WEINBERG:

24 But we're committed to --- you know,
25 we'll make the same commitment, that we're prepared to

1 do it, just contingent upon working through the
2 details and feasibility with the State.

3 MR. MCNALLY:

4 And what about the timelines? In your
5 material you think that you would have all your
6 approvals like within a month. Is that realistic to,
7 I think, the zoning or --- your permits were April 2nd
8 to May 13th. And that's pretty aggressive, but I
9 mean, I hope that's true. How do you think you will
10 get through that permit process and how quickly do you
11 think you can build out with all of your permits in
12 place?

13 MR. WEINBERG:

14 Again, and I mentioned this before, you
15 know, the duration --- and maybe it should have just
16 been month one through --- but the duration was based
17 on when we're given the authorization to start. But
18 we would be in position to immediately start with the
19 demolition permit. We have our site plan approval and
20 zoning approval documents ready to submit the minute
21 the City is willing to accept it. And so, we're ---
22 you know, we're very experienced in fast-track
23 designing and building. And we've already done a
24 great deal of the work. So, again, it's --- the
25 duration we're comfortable with. When it starts is

1 going to be contingent upon the process.

2 MR. MCNALLY:

3 Thank you very much. That's all I have,
4 Mr. Chairman.

5 CHAIRMAN:

6 Greg?

7 MR. FAJT:

8 Thank you, Mr. Chairman. The Holiday
9 Inn that is on the property right now, what is the
10 occupancy rate of the Holiday Inn?

11 MR. RICCI:

12 There's 220 rooms.

13 MR. FAJT:

14 Well, I'll tell you what, if you don't
15 know ---.

16 MR. WEINBERG:

17 I don't know. I don't know.

18 MR. FAJT:

19 You can provide the information. It's
20 my understanding that you are not tearing it down,
21 that you are going to retrofit it. And I saw, you
22 know, the room that you showed in the presentation. I
23 haven't been in the Holiday Inn, I've driven by it.
24 My guess is none of the rooms look like that now. Are
25 you redoing all the rooms to look like that or is that

1 a luxury suite or what?

2 MR. WEINBERG:

3 Well, they'll be different sized rooms,
4 but they will all be of that look and quality, yes.

5 MR. FAJT:

6 Okay.

7 MR. WEINBERG:

8 And just as a clarification, the tower
9 is being revitalized with a new design. We're tearing
10 down the low-rise completely. So, all of the lobby
11 functions will be completely new construction.

12 MR. FAJT:

13 Okay. Citizens' Bank Ballpark, I've
14 been in there a couple of times. I believe the main
15 entrance is off of Pattison. Is there any entrance
16 between your property? Is there an entrance into the
17 center field or left field area from your property
18 into the back part in Stadium?

19 MR. RICCI:

20 Yes, there's actually --- many people
21 park right behind the Holiday Inn today. In fact, at
22 the Holiday Inn, too, the next block up is the right
23 field entrance to Citizens' Bank Park. So, you
24 actually --- as Joe showed in his presentation, the
25 reason we like Tenth Street, because that's literally

1 center field. You walk straight down Tenth Street to
2 our property.

3 MR. FAJT:

4 Great. Okay. I want to, before I ask
5 the question, just to compliment both Greenwood and
6 Cordish on your minority and women-owned hiring. And
7 the numbers that you've presented today on the record,
8 Greenwood at Parx has about 35 percent minority
9 employment and Cordish has about a 53 percent minority
10 employment. Having said that, though, do either of
11 your companies have a women or minority in the
12 ownership structure? Why don't we start ---?

13 MR. RICCI:

14 Not in ownership.

15 MR. FAJT:

16 Okay.

17 MR. RICCI:

18 Not in ownership, no.

19 MR. FAJT:

20 A follow-up to Commissioner Woods'
21 comment about what would happen if there would be a
22 disagreement between Greenwood and Cordish. I believe
23 you said that, you know, you guys would work it out.
24 Part of the issue for this Board is if you work it out
25 and try to buy out Cordish, you're going to come afoul

1 of the 33 percent ownership rules. So, can you put a
2 little --- shed a little more light on how you would
3 anticipate doing that, given that you already have an
4 ownership interest in Parx Casino?

5 MR. RICCI:

6 And you're actually hitting on the
7 difficulty we had as we struggled with this issue,
8 what do we do if there's a dispute? Because we felt
9 there needed to be some method of resolving a dispute.
10 So, we had this deadlock issue. Obviously we can't
11 propose a resolution that isn't in compliance with the
12 law. So, there's something that the two parties must
13 work together to receive. But what it really does
14 more than anything, that deadlock issue, it forces the
15 two parties to come to an agreement. That's the
16 reason it's there, because it's really so Draconian
17 that you wouldn't want to go there.

18 MR. WEINBERG:

19 But also in the event that the Greenwood
20 entity was to buy out the Cordish entity, they would
21 have to come before the Board with a structure that
22 you would have to approve.

23 MR. FAJT:

24 Okay. I also want to thank you for your
25 explanation on the saturation and cannibalization. I

1 thought, you know, you did a pretty good job on
2 allaying some of our fears and issues and setting that
3 forth in your presentation. So, thank you on that.

4 And my last question is to follow-up on
5 my fellow Commissioner's questions, McNally,
6 Commissioner McNally specifically about the Manoukian
7 Trust and the Sterling Trust issue. So, a question to
8 BIE, you heard Mr. Kohler's explanation of Section
9 1330 and how he doesn't feel that it violates 1330,
10 but if it did, that that's an issue of --- I forget
11 what you called that.

12 ATTORNEY KOHLER:

13 Licensure.

14 MR. FAJT:

15 Licensure issue. And that they would
16 have the ability to cure that issue. Having said
17 that, I'm sure that a losing bidder is going to ---
18 you know, if we grant them the license, we'll
19 certainly raise that issue when we inevitably get
20 sued, as we always do. Having said all that, Cyrus,
21 do you buy Mr. Kohler's explanation, number one, that
22 it is simply an issue of licensure and what is the
23 opinion of BIE on that, the whole Manoukian Sterling
24 Trust issue, and does that run afoul of the 33 percent
25 ownership?

1 ATTORNEY PITRE:

2 Well, I have good news for you and bad
3 news.

4 MR. FAJT:

5 Give me the bad news first.

6 ATTORNEY PITRE:

7 The bad news is that's going to be an
8 interpretation that the Board has to decide upon. And
9 that's an interpretation under the Act that can be
10 open to a couple of --- or several different
11 interpretations. And it's within the Board's
12 authority to make that interpretation. We laid out
13 the facts as they exist in the pre-licensure and post-
14 licensure ownership structure.

15 Mr. Kohler thinks it's a rather simple
16 issue. I think it's a little more complex than that.
17 I think the Board has to make the interpretation based
18 upon a reading of 1330, taking into consideration the
19 different definitions of an affiliate, an intermediary
20 controlling interest, to decide Mr. Manoukian's
21 relationship to Sterling Trust through Sterling
22 Fiduciary Services, which he owns 100 percent of. And
23 take into consideration the overall 85 percent
24 ownership structure, ownership that he maintains
25 through Greenwood.

1 So, those are things that we have left
2 to --- because they are precedent setting in this
3 regard. They're left to the interpretation of the
4 Board. And because of the competitive nature of this,
5 I'm a little hesitant to give my opinion, which could,
6 you know, impact how the Board makes its decision or
7 comes to it, its interpretation, and also something
8 that may lead to a competitor or Greenwood even,
9 Stadium even saying that I went too far in my opinion
10 giving.

11 With that said, I think what Mr. Kohler
12 said is feasible if the Board is inclined to interpret
13 it in that manner. But I also think there are other
14 interpretations, and I'm leaving that to the Board's
15 consideration.

16 MR. FAJT:

17 Thank you. Mr. Kohler, do you have
18 something to add?

19 ATTORNEY KOHLER:

20 If I can. Just on the first point, I
21 said this in my argument, but just to repeat, that the
22 Board has approved this type of structure before in
23 the PITG Gaming case. You can all read that for
24 yourselves. But as for the issue of condition of
25 licensure, I just want to give --- want to sort of

1 emphasize that this is all provided for in Section
2 1330 itself. It says the Board shall approve the
3 terms and condition --- it's all written to presume
4 that if there is a problem with 1330, it will be
5 fixed.

6 And it says the Board shall approve the
7 terms and conditions of any divestiture under the
8 Section and under no circumstances will they --- you
9 know, you allow things to be transferred for less than
10 market value. And there's also a sentence at the end
11 that says, no slot machine license applicant shall be
12 issued a slot machine license until the applicant has
13 completely divested its ownership or financial
14 interest that is in excess of the 33.3 percent, and it
15 goes on.

16 So, the language itself focuses on the
17 issuance of the license, not the award of the license
18 or eligibility. For eligibility there's a specific
19 section up in 1304, and certainly that isn't here.
20 So, I just want to point out that this whole
21 distinction between eligibility and condition of
22 licensure is specifically and expressly laid out in
23 Section 1330.

24 MR. FAJT:

25 And just one last piece of that question

1 I want to reiterate. You did say that if this would
2 be found to be afoul of Section 1330, Mr. Manoukian's
3 and Sterling Trust's ownership, that it would not
4 require additional licensure by the Board of
5 other individuals.

6 ATTORNEY KOHLER:

7 Yeah, I mean, I think that statement is
8 made to show the flexibility that it --- that, you
9 know, I think the Board has to approve the
10 divestiture. But we're certainly prepared to propose
11 something that doesn't involve qualifying an
12 additional person.

13 MR. FAJT:

14 Thank you.

15 ATTORNEY PITRE:

16 And he is correct that the Board must
17 approve the divestiture and the condition of that, if
18 the Board so chooses to allow a divestiture. But he
19 is correct.

20 MR. FAJT:

21 Thank you, Cyrus. Thank you, Mr.
22 Chairman.

23 CHAIRMAN:

24 Tony?

25 MR. MOSCATO:

1 Thank you, Mr. Chairman. Thank you,
2 gentlemen, for your presentation. Kind of a follow-up
3 on Commissioner McCall's questions with regard to the
4 ramp. I think what I heard you say was you would
5 commit to the ramp, but you'd like to know more about
6 it. Is that accurate or ---?

7 MR. WEINBERG:

8 Well, it needs to be designed and vetted
9 out, you know, from an engineering standpoint. But
10 subject to that, which would be true of anything,
11 right ---

12 MR. MOSCATO:

13 Sure.

14 MR. WEINBERG:

15 --- we're committed to building the
16 ramp.

17 MR. MOSCATO:

18 Okay. And I'm sure you knew that other
19 companies had said they would build the ramp. Had you
20 given any thought to what it might cost? Have you
21 spoken with your traffic expert about it or anything
22 like that?

23 MR. WEINBERG:

24 We do not have any cost estimates at
25 this point.

1 MR. MOSCATO:

2 Okay.

3 MR. WEINBERG:

4 Nor am I sure that anybody does or
5 could.

6 MR. RICCI:

7 Yeah, does anyone ---?

8 MR. MOSCATO:

9 We've got numbers. Whether they're
10 accurate or not, who knows?

11 MR. WEINBERG:

12 They wouldn't be worth the paper they
13 were written on.

14 MR. MOSCATO:

15 Would you gentlemen be so kind as to
16 provide the average wage for an employee at Parx and
17 Maryland Live!?

18 MR. RICCI:

19 At Parx the average salary, I can give
20 you that, is \$42,000 per annum.

21 MR. MOSCATO:

22 Inclusive of benefits?

23 MR. RICCI:

24 No, that's before benefits. We also
25 offer the best benefits package in the industry. It's

1 not an HMO. It's a PPO, administered by Blue
2 Cross/Blue Shield.

3 MR. WEINBERG:

4 And we're at approximately \$38,000
5 salary and benefits.

6 MR. MOSCATO:

7 Combined?

8 MR. WEINBERG:

9 Yeah.

10 MR. MOSCATO:

11 And I ask this in a lot of our
12 re-licensing hearings, because I'm very curious as to
13 the charitable giving of companies. And I know we
14 could get Parx's list very easily. Would you be
15 willing to provide a list of your charitable giving
16 --- not yours specifically, corporate charitable
17 giving for your last fiscal year, calendar year?

18 MR. WEINBERG:

19 Sure.

20 MR. MOSCATO:

21 Thank you. And the last question I
22 have, what we've seen with other presentations is you
23 have a developer and you have an operator and they get
24 together and come up with a proposal. Here we have
25 two fine companies, two operators of casinos, and I

1 would say two developers. How is it that you're both
2 --- the marriage of these two companies, rather than
3 two proposals coming to us?

4 MR. WEINBERG:

5 Well, first, I got --- first of all,
6 we've known each other for quite a while. So, we're
7 not strangers who just came together for this project.

8 MR. MOSCATO:

9 So, it's a long engagement?

10 MR. WEINBERG:

11 I'm sorry? Yeah.

12 MR. MOSCATO:

13 It's a long engagement.

14 MR. WEINBERG:

15 And in fact, you know, we've been
16 working on industry cooperation issues for quite a
17 while. So, we're very comfortable --- we would not
18 have ventured into this arrangement if we weren't
19 comfortable with how each other thought and worked
20 together. And what brought us together is the fact
21 that we have the same philosophies about building the
22 highest quality facilities and having ownership
23 oversight and involvement day to day in the running of
24 the facility. So, we're very comfortable in how we're
25 going --- how we have and will continue to work

1 together. And we think it's, you know, creed of
2 having both of us working together on this project.

3 MR. RICCI:

4 Yeah, I would just like to add onto
5 that. We've always had tremendous respect for the
6 Cordish Company. And I really think it's an advantage
7 for us because we can leverage the talents of two
8 outstanding organizations. We're very good in many
9 areas, and so are they, and we can draw from those
10 resources to produce the best product on a day-to-day
11 basis. I'm grateful to Bob for the introductions, but
12 I can't think of two people better qualified to manage
13 this than Joe and I.

14 MR. WEINBERG:

15 And just to reinforce the point, the
16 fact that we're also operating it. So, we're
17 developing it, we're designing and developing it. Our
18 money going into it and we're operating it every day.
19 So, you get the obsessive compulsive nature of our
20 combined groups focusing on it every day.

21 MR. MOSCATO:

22 Okay. Thank you very much. Thank you,
23 Mr. Chairman.

24 CHAIRMAN:

25 Annmarie?

1 MS. KAISER:

2 Thank you. I was looking at your letter
3 where you indicated some of the promises and
4 commitments that you made after --- in response to the
5 special services district. And I just kind of wanted
6 to walk through some of those. You'd indicated that
7 you'd have a community council make decisions on some
8 of the grants. What kind of dollars are we talking
9 about and what would be some of the criteria for those
10 projects?

11 MR. WEINBERG:

12 Right now with our respective
13 facilities, we have very large commitments
14 philanthropically. And, you know, last year at
15 Maryland Live! alone we had grants of over a million
16 dollars to community organizations, \$200,000 in in-
17 kind donations. Parx --- you know, I'll let Tony
18 speak to it, you know, but very, very philanthropic.
19 And typically what we do is we work with the community
20 to find out what the key issues are in the communities
21 and how to address it.

22 For instance, the issue of dealing with
23 the cameras in the neighborhoods came out of those
24 community meetings. And what we saw was the special
25 services district today actually has a surplus of

1 monies. They're not spending all the money that
2 they're receiving. However, they had this issue of
3 the --- of wanting to have the security cameras in the
4 neighborhoods.

5 And so sometimes --- you know, this was
6 a case where we felt like bringing both the
7 combination of our money and our expertise to actually
8 get it done, you know, not just to think about it or
9 want it or desire it, but to just go get it done, is
10 one of the benefits we can bring to the community.
11 So, we'll continue to work with, listen to what the
12 needs are in the communities and try to address it,
13 and if they're not getting done by the communities
14 themselves, then also lend our expertise in making it
15 happen.

16 MS. KAISER:

17 And will the community liaison, will
18 that be their kind of sole function, to work with the
19 communities, look at these projects and to address
20 their needs?

21 MR. WEINBERG:

22 Yes.

23 MS. KAISER:

24 And you had indicated what the average
25 salaries were in response to Commissioner Moscato's

1 question. I think I read in the materials the average
2 facility for this facility you think would be about
3 \$35,000. Does that include benefits?

4 MR. WEINBERG:

5 Yes.

6 MS. KAISER:

7 Okay. And I believe you estimated in
8 the employment figures that you'd be looking at
9 approximately 85 percent of those individuals you'd
10 hire would be PA residents and 50 percent
11 Philadelphia. Kind of just briefly, how do you plan
12 to start the process of hiring, ensuring you're
13 getting people from the local community and have
14 diversity?

15 MR. WEINBERG:

16 We use a number of different strategies
17 to do that. And from job fairs in the community,
18 media outreach, workforce development, cooperation,
19 you know, with various workforce development agencies,
20 community meetings. You know, we're constantly going
21 out into the communities. So, a combination of all
22 those strategies to try to maximize the participation
23 of local residents.

24 And it's something that we're --- you
25 know, we do in our other projects. In our Maryland

1 facility, a great majority of our employees live
2 within ten miles of the facility. It's good for the
3 community and it's also good for us. The closer the
4 employee lives to the facility, you know, the more ---
5 it's more involvement from a community standpoint.
6 Easier to get to work, less --- no issues with
7 attendance, lower carbon footprint environmentally.
8 So, this is something that is not just --- that, you
9 know, we're doing here for this particular project
10 because it sounds good. It's policies we employ
11 everywhere.

12 MR. RICCI:

13 And both Parx and the Cordish team built
14 their businesses from the ground up. So, we've done
15 this drill before. It's job fairs, it's marketing
16 awareness and it's pretty much the same drill. The
17 nice thing is we have both companies' resources to
18 leverage. And these people have done it before, so
19 --- and we'll do it in the same fashion, making sure
20 that we have local participation and labor at a very
21 high rate.

22 MS. KAISER:

23 I believe that you estimated that
24 there's about --- you think that there'll be about
25 15,000 patrons per day to your facility. Can you

1 indicate how many would be coming by car?

2 MR. WEINBERG:

3 The lion share.

4 MR. RICCI:

5 Yeah.

6 MS. KAISER:

7 Okay.

8 MR. RICCI:

9 Yeah. Absolutely.

10 MS. KAISER:

11 And just lastly, I know you have ---.

12 MR. WEINBERG:

13 And by the way, just as an editorial
14 comment on that, I think any regional facility that
15 doesn't believe that the majority of their customers
16 are going to come from --- you know, by car are
17 mistaken. You know, we do have a SEPTA stop that's on
18 the stadium district site, so that particularly gets
19 used more intensely during game days. You know, so
20 during those periods we'll have people coming from ---

21 MR. RICCI:

22 Sure.

23 MR. WEINBERG:

24 --- that method of mass transit, but for
25 the most part it'll be car.

1 MS. KAISER:

2 And you do have experience in this area,
3 I'm sure, dealing with preventing underage minors from
4 accessing the facility. And with all the sports
5 complexes there, how do you plan to address that
6 issue?

7 MR. RICCI:

8 Much the same way we do at Parx where we
9 have a stellar record in that area. We'll make sure
10 --- fortunately, the layout of this floor has ---
11 lends itself very well to that. There are only a
12 couple of posts where we would have security teams
13 manned to really replicate the same procedures and
14 controls we have at Parx. And as you know, our record
15 is outstanding in that area.

16 MS. KAISER:

17 Thank you. I have no further questions.

18 CHAIRMAN:

19 Okay. I only have one question. I
20 think it's of the gentleman who's sitting behind Mr.
21 Kohler who testified earlier about the marketing of
22 the casino. If I heard you correctly, sir, you
23 indicated not surprisingly that a good part of the
24 business your project would hope to see would be from
25 the event participants down at the stadium complex.

1 Was that accurate?

2 MR. D'AMBROSIO:

3 Yes.

4 CHAIRMAN:

5 And by that, of course, we mean the
6 football games, baseball games, basketball games,
7 hockey games, also the ---.

8 MR. D'AMBROSIO:

9 The entertainment, everything that goes
10 on ---.

11 CHAIRMAN:

12 People going to concerts and that,
13 everywhere else down at the Wells Fargo center and
14 then Xfinity center.

15 MR. D'AMBROSIO:

16 Yes.

17 CHAIRMAN:

18 We have here in Pennsylvania something
19 similar, maybe not identical, where that exists. And
20 that's the Rivers out in Pittsburgh right near their
21 sports stadiums and a lot of their attractions. Have
22 you studied or do you know of any studies that have
23 been done of that area and the correlation between
24 participating in the other events and going to the
25 casino?

1 MR. D'AMBROSIO:

2 I do not know of any studies. I do know
3 that area and I know the sections that you're talking
4 about. I don't believe the Rivers has capitalized on
5 the opportunities that are there. There's ingress and
6 egress issues and a number of things. The parking is
7 not as conducive as it is here. So, I don't think
8 it's --- while there's entertainment and sporting
9 activities going on there, I don't know if it's a true
10 apples to apples comparison.

11 MR. WEINBERG:

12 And so we have a little bit of a more
13 unique situation here in that we're already operating
14 in that environment at Xfinity Live!. So, we're
15 already experienced in how to deal with and capture
16 that game day and event traffic, and then also to
17 capitalize on it to draw traffic during, you know,
18 non-game day and event periods. And we certainly have
19 a much different ---.

20 CHAIRMAN:

21 So, what you're saying is that whatever
22 they're missing, you think you have the ability to
23 fill it in basically?

24 MR. WEINBERG:

25 We do.

1 MR. RICCI:

2 Yeah, I agree. I think Xfinity does
3 demonstrate you can leverage the attendance at these
4 events. Another thing I would add to that is you may
5 or may not be aware that we're also sponsors for the
6 Philadelphia Flyers and the Philadelphia 76ers. It
7 was interesting in our conversations with them, and we
8 talked about their database. And more than 50 percent
9 of their customers are gamblers. There's a high
10 correlation to attendance at sporting events and
11 gamers.

12 So, that was one of the reasons why we
13 chose to sponsor those two entities we believe that if
14 that's not --- I'm not really familiar with what
15 Rivers is capturing in that. And I do believe that's
16 a downtown venue as opposed to what we have here,
17 which is a stadium district, which is really unique to
18 the country, having all those venues in one location.
19 I think it's a tremendous opportunity for us.

20 CHAIRMAN:

21 Okay. Thank you.

22 MR. FAJT:

23 Just to correct you, Mr. Ricci. It is a
24 stadium venue. And they have Heinz Field, PNC Park
25 and Rivers right in a row. So, it is ---.

1 MR. RICCI:

2 Thank you.

3 MR. FAJT:

4 Yeah, they don't have their ---.

5 MR. RICCI:

6 It is downtown, though; correct?

7 MR. FAJT:

8 It is not downtown.

9 MR. RICCI:

10 It's not?

11 MR. FAJT:

12 I mean, is on the north shore of the
13 city.

14 MR. RICCI:

15 Okay. I'm not familiar.

16 MR. FAJT:

17 And, you know, I would just suggest that
18 you might want to reach out to them. Mr. Weinberg,
19 quick follow-up. Is there any issue with you
20 competing against yourself with Xfinity versus the
21 casino? I mean, when I listened to what you were
22 saying at the end, I mean, if you're now going after
23 the gamblers and knowing that 50 percent of the
24 attendees at the different stadiums are --- like to
25 gamble, I mean are you going to cannibalize yourself?

1 MR. WEINBERG:

2 Not at all. In fact, we think it's
3 absolutely complementary. You know, I'll give you an
4 example. In our Florida facility in Hollywood, Fort
5 Lauderdale, we added a 400,000 square foot
6 entertainment district to the hotel casino. And they
7 were very, very complementary in driving traffic
8 between each other.

9 So, we would have people that might
10 touch the property initially because they came for the
11 dining or entertainment. And then very, very high
12 correlation of that customer going into the casino.
13 And the same thing vice versa. The casino customer
14 might have come initially for the casino, but then
15 they wanted to take advantage of the dining
16 entertainment amenities.

17 We see the same dynamic --- our Maryland
18 Live! facility is located adjacent to a 1.3 million
19 square foot regional mall called Arundel Mills. And
20 so we have a lot of experience in how to take
21 advantage of these adjacent dining, retail and
22 entertainment amenities. And, you know, the proof is
23 in the revenues that are being generated at Maryland
24 Live!.

25 Another interesting example is, you

1 know, as you know, in the gaming industry, December is
2 typically one of the softest months. You know, it's
3 the holiday period, so all over the country it's
4 typically one of the softest months. For us, because
5 we take advantage of the cross marketing with the
6 mall, it was our second strongest month of the year.

7 So, we were able to take months that
8 would have been soft and to, you know, greatly enhance
9 the revenue base by being able to cross market with
10 these other amenities, which are very similar to what
11 we have at Xfinity, but not at the same scale.

12 MR. FAJT:

13 Thank you, Mr. Chairman. Thank you.

14 CHAIRMAN:

15 Anything else? Any questions, Cyrus,
16 from OEC?

17 ATTORNEY PITRE:

18 No, they clarified our questions during
19 the break, so we're fine.

20 CHAIRMAN:

21 Okay. I will now ask the Director of
22 Licensing and the Chief Enforcement Counsel to address
23 the Board regarding their Bureau's review of the
24 application.

25 ATTORNEY PITRE:

1 We'd like to call Mr. Hanney to discuss
2 the traffic impact study review.

3 -----
4 FRANCIS HANNEY, HAVING BEEN PREVIOUSLY SWORN,
5 TESTIFIED AS FOLLOWS:

6 -----
7 CHAIRMAN:

8 Counsel, we can again forego the
9 qualifications for Mr. Hanney. He's been here enough.

10 ATTORNEY STUART:

11 Thank you. Glen Stuart for the OEC.
12 That is S-T-U-A-R-T.

13 DIRECT EXAMINATION

14 BY ATTORNEY STUART:

15 Q. Mr. Hanney, just for a housekeeping matter, can
16 you please state your name and occupation for the
17 record?

18 A. My name is Francis Hanney and I'm glad to hear
19 everybody saying it correctly. H-A-N-N-E-Y.

20 Q. And you work for PennDOT?

21 A. I work for PennDOT out of King of Prussia
22 headquarters.

23 Q. Was PennDOT asked to review a traffic study to
24 the Category 2 slot machine license process?

25 A. Yes, PennDOT was asked to review the --- conduct

1 a review of the traffic impact studies on behalf of
2 the Gaming Board.

3 Q. Okay. And was Orth-Rodgers hired on behalf of
4 PennDOT to review the traffic study for the Stadium
5 Casino, LLC application?

6 A. Orth-Rodgers was contracted by PennDOT to conduct
7 an independent review of the traffic impact studies.

8 Q. And when was that study reviewed?

9 A. The study was reviewed over the course of spring,
10 summer and fall 2013.

11 Q. And what was your involvement in that review?

12 A. My role was as project manager to oversee the
13 review and comment process.

14 Q. And were those results provided to the
15 Pennsylvania Gaming Control Board?

16 A. They were and I do have them here with me today.

17 Q. Okay. At any time during your review and
18 assessment of the information, did anyone attempt to
19 influence you or coerce you to provide a favorable or
20 unfavorable review?

21 A. I was never approached in such a manner by any of
22 the applicants, their engineers or any third parties.

23 Q. Were you notified by anybody attempting to
24 influence or coerce Orth-Rodgers during their review?

25 A. I have no knowledge of any such attempts.

1 Q. Can you please now present a summary of your
2 report regarding the Stadium Casino, LLC application?
3 Thank you.

4 A. Summary of Live! Casino is at 900 Packer Avenue,
5 the corner of Packer Avenue and Darien Street. The
6 developer is Stadium Casino, LLC. The traffic
7 consultant was Stantec Engineering. The Applicant's
8 traffic study has undergone several reviews and has
9 been updated and conditionally approved. Our reviews
10 were coordinated with the City of Philadelphia's
11 Streets Department. This study now meets the
12 guidelines provided by the City of Philadelphia and
13 the Pennsylvania Transportation --- Department of
14 Transportation.

15 Here's a summary of our findings. The Applicant
16 was asked to review a traffic model of the local road
17 system during a Friday evening commuter-peak during a
18 pre-Philly's baseball game time period. This exercise
19 indicated that the local area roads were able to
20 manage the additional casino trips during this
21 critical time period.

22 The site is not in the city's central business
23 district and during non-commuter travel peaks and non-
24 sports complex events, the local roads are
25 underutilized and can efficiently manage the

1 additional casino trips, specifically during the
2 casino's Friday and Saturday evening peaks. The
3 Applicant has agreed to provide shuttle service to and
4 from the southern terminus of SEPTA's Broad Street
5 line, AT&T station, formerly known as the Pattison
6 station, as reflected in the meeting minutes dated
7 April 26th, 2013; not reflected in their study, nor in
8 their commitment letter.

9 If the Applicant is granted a license, they have
10 agreed in writing to investigate and provide an
11 intelligent transportation system or ITS to improve
12 overall traffic operations. They have also committed
13 to providing signal timing improvements along the
14 impacted intersections; re-striping to provide left
15 turn lane treatment at various locations; improve
16 pedestrian facilities along the three site frontages
17 specifically to accommodate a pedestrian travel path
18 between the site and the stadiums; improve existing
19 pedestrian facilities by providing pedestrians signal
20 heads and ADA compliant curb ramps at Packer Avenue
21 and 10th Street, Darien Street and 7th Street.

22 If granted a license, the Applicant has also
23 stated here today, committed to the study and the
24 construction of a new westbound I-76 on-ramp at 7th
25 Street. This design option is a means of

1 supplementary mitigation to the local street system
2 and to overall improved traffic management. As with
3 all of the other applicants, we are recommending a
4 post-development study approximately six months after
5 opening day to analyze actual casino trips and traffic
6 operations in order to address any unforeseen traffic
7 operational concerns.

8 In conclusion, if granted a license, the
9 Applicant has committed in writing to the City of
10 Philadelphia and the Pennsylvania Department of
11 Transportation to finalize the traffic analysis and
12 the design details necessary for all traffic
13 mitigation improvements.

14 Q. Thank you. You had a chance to listen to the
15 traffic impact study provided by Stadium Casino, LLC's
16 consultant; is that correct?

17 A. Yes, I did.

18 Q. And did you listen to that testimony provided by
19 the consultant today?

20 A. Yes, I did.

21 Q. Was that testimony consistent with the
22 independent review provided to the Board?

23 A. Yes, it was.

24 Q. Was there anything in that testimony that was
25 invalid, erroneous or contrary to your findings?

1 A. No, it was not.

2 Q. Is there anything further you would like to
3 provide today regarding your independent traffic study
4 review associated with Stadium Casino, LLC's
5 application?

6 A. The only thing I would add was that they did not
7 happen to mention the shuttle service that the
8 committed to in the April meeting minutes.

9 Q. Okay. Could you discuss that briefly?

10 A. Okay. At that meeting we talked about transit
11 options and providing logical connections between the
12 Broad Street line and the Stadium Casino site. There
13 was two applicants at that meeting, along with City of
14 Philadelphia and the Department of Transportation.
15 And as reflected in those minutes, each of the
16 applicants did commit to providing a shuttle service
17 between the Broad --- SEPTA's Broad Street AT&T
18 station and their site.

19 Q. Thank you.

20 ATTORNEY STUART:

21 I have no further questions.

22 ATTORNEY PITRE:

23 We would ask if Stadium would like to
24 commit to that on the record here today.

25 MR. WEINBERG:

1 Absolutely. It was just an oversight
2 not to have mentioned it.

3 CHAIRMAN:

4 Okay. Thank you. Keith?

5 MR. MCCALL:

6 I just have a question of Mr. Hanney.
7 Does the Department have any --- or did they do any
8 preliminary engineering work or engineering work for a
9 ramp at I-76? And I don't mean like today. Twenty
10 (20) years ago, 15 years ago. Do you have anything on
11 file as far as a design?

12 A. I don't know of anything that exists that the
13 Department would have studied.

14 MR. MCCALL:

15 So, no design works as --- the State
16 Transportation Commission has never been involved,
17 it's never been included on the 12-yaer program?

18 A. Not to the best of my knowledge.

19 MR. MCCALL:

20 Okay. If you don't mind, I'd appreciate
21 it if you could look into the fact to see if there's
22 any preliminary work that's ever been done on that.
23 That'd be appreciated.

24 A. I'd be happy to.

25 MR. MCCALL:

1 Great. Thank you. Thank you, Mr.
2 Chairman.

3 CHAIRMAN:

4 Any other questions? Thank you, sir.
5 You're excused.

6 ATTORNEY PITRE:

7 Next I ask that Susan Hensel, the
8 Director of Licensing, Paul Mauro, the Director of the
9 BIE and Rich O'Neil, supervisor for the Financial
10 Investigations Unit, to come forward and make their
11 statements before the Board. And I ask that Susan
12 Hensel read her statement in first.

13 MS. HENSEL:

14 Thank you, Cyrus, Chairman Ryan and
15 members of the Board. Stadium Casino, LLC timely
16 filed a Category 2 Slot Operator Application and
17 disclosure form with the Bureau of Licensing. The
18 Bureau of Licensing reviewed the application and
19 worked with the Applicant to ensure the provision of
20 all required information. The Bureau of Licensing
21 deemed the application complete and transmitted it to
22 the BIE for investigation.

23 Upon completion of the background
24 investigation, the Bureau of Licensing prepared a
25 background investigation and suitability report using

1 information and documentation received from the
2 Applicant, the Bureau of Licensing, the OEC on behalf
3 of the BIE, the Bureau of Gaming Operations, the
4 Office of Diversity, the Office of Compulsive and
5 Problem Gambling, and the Pennsylvania Departments of
6 Revenue and Labor & Industry.

7 The draft suitability report was
8 provided to the Applicant to identify material errors
9 and omissions, if any, and the final report was
10 provided to the Applicant and to the Pennsylvania
11 Gaming Control Board. Based on the application
12 process, the Bureau of Licensing is not at this time
13 aware of any issues that would preclude the approval
14 of a Category 2 Slot Machine License for Stadium
15 Casino, LLC.

16 ATTORNEY PITRE:

17 And next we'll hear from Rich O'Neil.

18 MR. O'NEIL:

19 Chairman Ryan, members of the Board, in
20 preparation of the Financial Investigation Unit's
21 report and, when necessary, supplemental reports, all
22 information provided by the Applicant, its
23 intermediaries, subsidiaries and holding companies and
24 management company was fully reviewed and analyzed.
25 This included any organizational documents, operating

1 debt documents, management agreements, financial
2 statements and any other contracts or agreements.

3 In this case, Stadium Casino, LLC, and
4 its related entities provided all the authorizations,
5 contracts and agreements necessary to conduct the
6 investigation. It also provided clear and convincing
7 evidence to enable the Financial Investigations Unit
8 to make the determination of the financial
9 suitability, integrity and responsibility of its
10 application for Category 2 licensure, and also that
11 the Applicant is likely to maintain operational
12 viability and maintain a steady level of growth.

13 At this time, based upon the information
14 contained in the application and other related
15 documents, as well as the financial suitability
16 analysis performed, the Financial Investigations Unit
17 did not discover anything material which would
18 preclude Stadium Casino, LLC from being financially
19 suitable to obtain a Category 2 License.

20 ATTORNEY PITRE:

21 Paul Mauro will now read his statement
22 into the record.

23 MR. MAURO:

24 Chairman Ryan, members of the Board,
25 Paul Mauro, M-A-U-R-O, Director, BIE. The Bureau of

1 Licensing transmitted the Category 2 Application of
2 Stadium Casino, LLC, which included but was not
3 limited to any and all associated forms, releases and
4 disclosures to the BIE for the initiation and
5 completion of a background investigation as
6 contemplated by the Act.

7 The BIE's background investigation into
8 Stadium Casino consisted of but was not limited to an
9 investigation into the criminal history, the credit
10 history, the litigation history including the civil
11 judgments and bankruptcies, the business history, the
12 federal tax history and, if applicable, the
13 Commonwealth and its political subdivision tax
14 history, and the gaming regulatory history in the
15 Commonwealth and/or other gaming jurisdictions for the
16 Applicant and affiliated entities.

17 Additionally, the Bureau's background
18 investigation of each principal associated with
19 Stadium Casino included information pertaining to
20 family, habits, character, reputation, criminal
21 history, background, credit history, business
22 activities and history, litigation history including
23 civil judgments and bankruptcies, financial affairs,
24 federal tax history and business, professional and
25 personal associates, covering at least a ten-year

1 period preceding the filing of the application. Also
2 if applicable, information pertaining to the
3 Commonwealth and its political subdivision tax history
4 and any applicable gaming regulatory history in the
5 Commonwealth or in any other legalized gaming
6 jurisdiction was investigated and reported.

7 The results of the Bureau's background
8 investigations were placed in the Bureau's reports of
9 investigation and forwarded, along with the Bureau's
10 Financial Investigation Unit report, to the OEC for
11 the preparation of the final background investigation
12 report. As a result, based upon information obtained
13 through the background investigation process, the BIE
14 is not aware of any issues at this time that would
15 preclude the suitability of Category 2 Applicant
16 Stadium Casino, LLC.

17 ATTORNEY PITRE:

18 The OEC has been fully engaged with the
19 applicants and Board staff throughout the process.
20 The OEC worked in conjunction with the BIE and its
21 Financial Investigations Unit throughout the
22 background investigation process.

23 Once the Bureau completed its report of
24 investigation and its financial investigations report,
25 those reports were transmitted to the OEC for

1 completion of the final background investigation
2 reports for each applicant --- excuse me, affiliate,
3 principal and management company as contemplated by
4 the Act. The OEC drafted and prepared each associated
5 final background investigation report and forwarded
6 the same to the Bureau of Licensing for inclusion in
7 Category 2 Applicant Stadium Casino, LLC's suitability
8 report, which has been delivered to the Board for its
9 review and consideration.

10 I would like to remind the
11 representatives and principals of Stadium Casino, LLC
12 that suitability is an ongoing rolling process, and as
13 a result, each applicant has a duty to maintain
14 suitability and to provide information and updates to
15 Board staff as it becomes known or available. And
16 that as long as Stadium Casino, LLC's applications are
17 pending before the Board, my office will provide
18 supplemental background investigation reports to the
19 Board any time there is an issue that may have an
20 impact upon the suitability of any applicant.

21 That concludes the statements of staff,
22 and should the Board have any questions, we're
23 available to answer them.

24 CHAIRMAN:

25 Thank you. Any questions of the Board?

1 MR. FAJT:

2 One quick question for Mr. O'Neil. I
3 heard your comments about their financial suitability.
4 I didn't hear you say, and could you confirm for the
5 record that, as stated by the Cordish and Greenwood
6 Gaming Companies today, that they have the ability to
7 in essence self-finance this \$425 million project. Do
8 you agree with that statement?

9 MR. O'NEIL:

10 Yes, I do.

11 MR. FAJT:

12 Thank you.

13 ATTORNEY PITRE:

14 And we will providing supplemental
15 reports based on some information here today to the
16 Board from this Applicant.

17 CHAIRMAN:

18 Anybody else? Okay. Before we adjourn
19 this proceeding, does Stadium Casino have anything
20 additional to add?

21 MR. WEINBERG:

22 No, we don't. Thank you for your time
23 and consideration.

24 CHAIRMAN:

25 All right. Thank you all very much.

1 Stadium Casino has the opportunity to file a post-
 2 hearing memorandum on or before Monday, February 10th,
 3 2014, in which it should address any questions of the
 4 Board for which supplemental information was requested
 5 or is required. And at this point, the Chair adjourns
 6 the hearing, closes the evidentiary record on this
 7 matter and the Board will recess until 12:40 --- until
 8 1:45.

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HEARING CONCLUDED AT 12:31 P.M.

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CERTIFICATE

I hereby certify that the foregoing proceedings,
hearing held before Chair Ryan was reported by me on
1/30/2014 and that I Sami Zeka read this transcript
and that I attest that this transcript is a true and
accurate record of the proceeding.

Sami Zeka