

**SANDS BETHWORKS GAMING LLC
LICENSE RENEWAL HEARING
May 30, 2018**





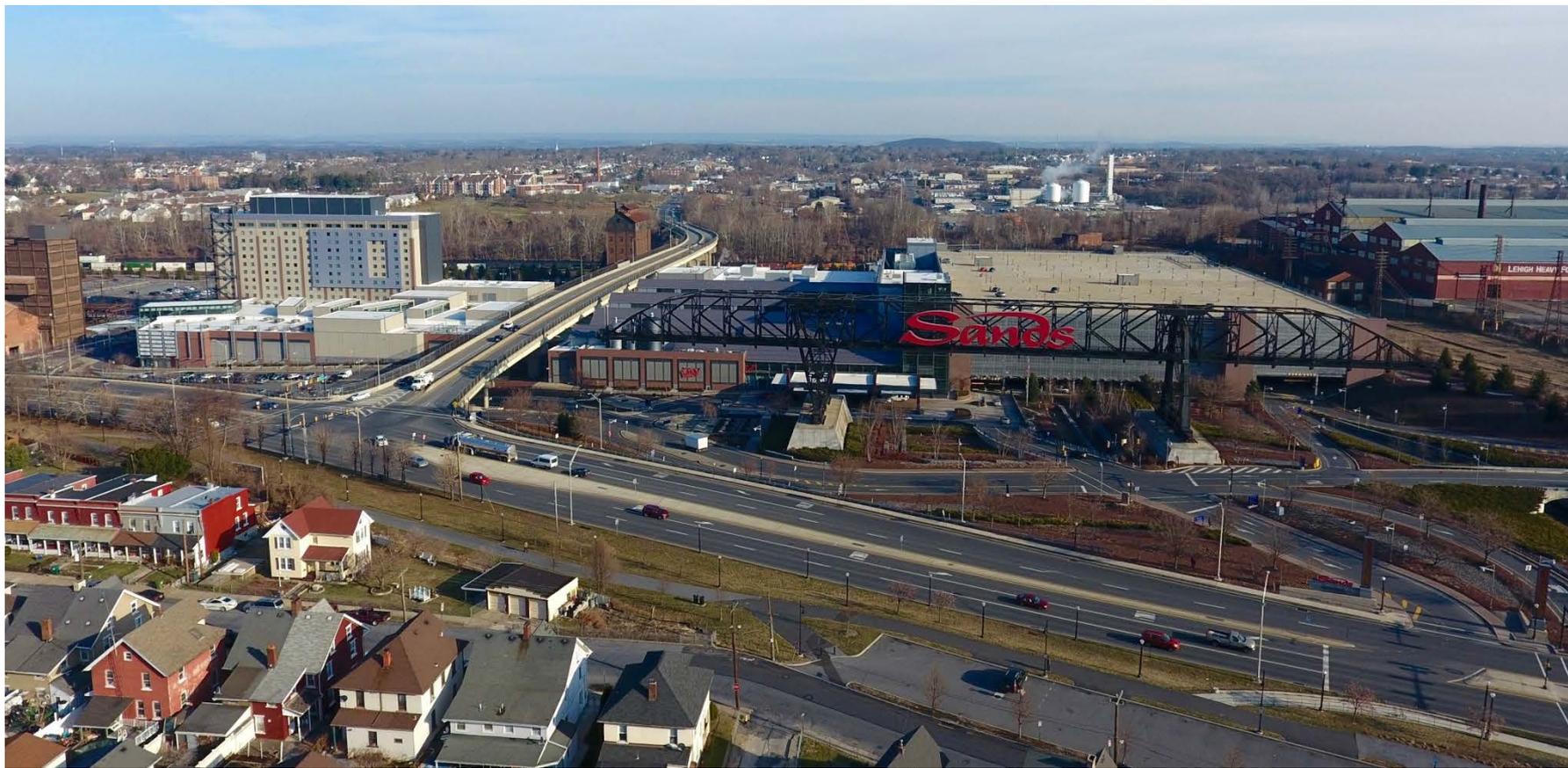
Sands Bethlehem acquired 124 acres that were part of the former site of the Bethlehem Steel

OVERVIEW OF THE PROPERTY IN 2007

At that time the property was the largest privately owned brownfield site in the United States



Sands Bethlehem has invested approximately \$1 billion in the project versus the original license obligation of \$600 million



Casino Floor



- Opened May 2009
- In May 2018 Sands Bethlehem will have 3,053 slot machines, 189 table games, and 26 Poker Tables
- High-Limit Slot area
- High-Limit Table Game Salon (Paiza)
- New Poker Room
- Two (2) ETG Stadiums
- The square footage of Sands Bethlehem's Casino floor will be 150,709 square feet



Parking & Traffic

- Public parking garage that features 3,139 covered spaces
- Surface parking for approximately 1,616 cars
- Valet parking available 24 hours a day
- 14 bus bays and on-site bus parking/waiting area



Sands Bethlehem invested:

- \$20 million in PennDOT required SR 412 improvements
- \$80 million PennDOT SR 412 project from I-78 to downtown Bethlehem at SR 378 Hill-to-Hill Bridge

Non-Gaming Amenities

Emeril's chop house

- Opened May 2009
- High end steak house by acclaimed Chef Emeril Lagasse
- First Emeril-branded restaurant in the Northeastern region of the United States
- Accommodates 230 guests
- Renovated in Fall 2017





- Opened April 2016
- Renovated in 2017
- Accommodates 257 guests
- Chef Emeril Lagasse brings his love of fresh seafood and signature "New, New Orleans" style of cooking - a twist on Louisiana's classic Creole dishes to his newest concept at Sands Bethlehem





- Opened November 2009
- Emeril Lagasse's first gourmet hamburger restaurant
- Accommodates 90 guests
- Casual dining featuring prime burgers including build-your-own and more





- Opened January 2017
- Nationally known bakery
- Accommodates 31 guests
- Serves delicious pastries, desserts and cakes from this famous family-owned bakery





- Opened April 2016
- Buddy Valastro's (Cake Boss) Italian Restaurant
- Accommodates 238 guests
- Menu includes traditional Italian dishes and desserts from his famous family owned bakery





- Opened July 2013
- Seats 300
- Specializes in live-action cooking, artisan pizza, a pasta station, sushi and more



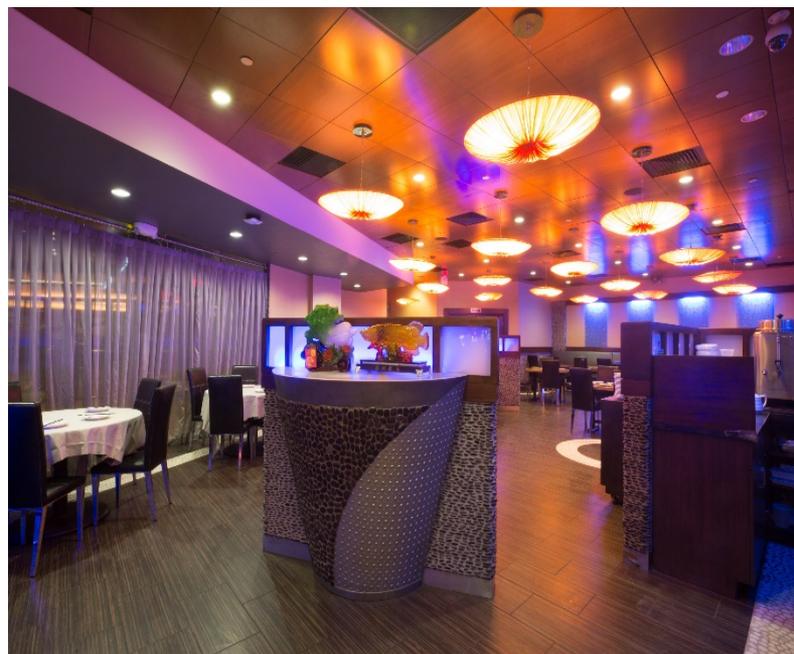


- Opened May 2009
- Market style food court
- Accommodates 330 guests
- Stations include gourmet coffee/pastries, smoothies/ice cream, pizza/Italian, hot dogs/hamburgers, sushi/Asian and salads/wraps



Chopstick 陸羽軒

- Opened November 2012
- Chopstick Asian cuisine serves standout renditions of well-known Asian classics using only the finest and freshest ingredients.
- Seating for 100



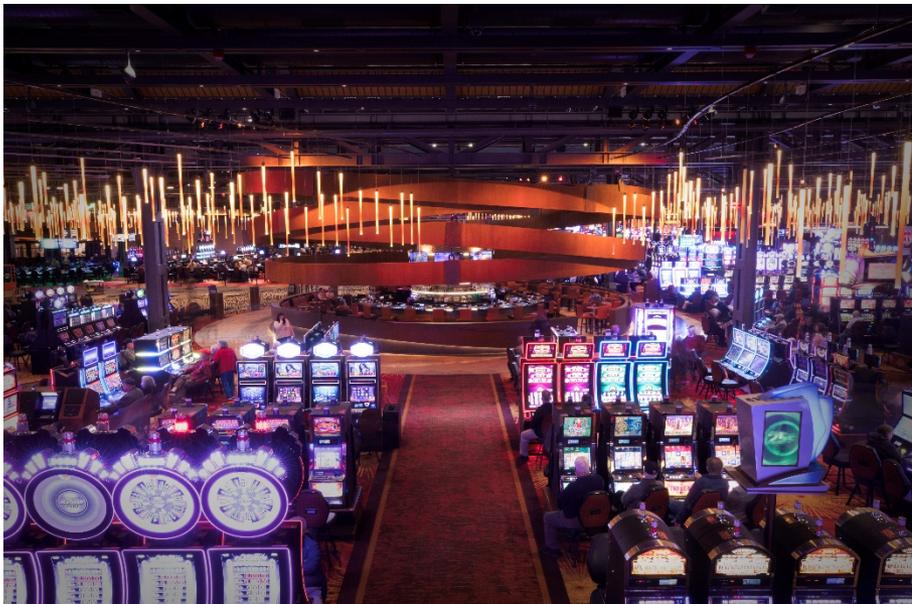


- Opened May 2009
- Free Live Entertainment Lounge
- Accommodates 133 guests
- Features specialty cocktails



coil™

- Opened May 2009
- Casino bar and lounge
- Accommodates 123 seats
- Features specialty cocktails



Gift Shop





THE OUTLETS

AT SANDS BETHLEHEM

- Opened November 2011
- 200,000 square-foot Outlet Center
- Tenants include Coach, DKNY, Talbots, Tommy Hilfiger, Charming Charlie and Lenox

- Opened July 2013
- Located in the Outlets at Sands Bethlehem
- 4,455 square feet
- Ten (10) treatment rooms plus hair, nail & makeup stations
- Services include facials, nails, hair, Swiss shower, massage, Reflexology, Aromatherapy, Baths, Transformation Wellness
- Men's and Women's Locker rooms available



Banquet and Meeting Space



- Opened June 2011
- 12,000 square feet of modern meeting space along with over 3,000 square feet of pre-function and exhibition space
- Professional Event Planner and Catering Service





- Opened May 2012
- 50,000 square-foot venue offering A-list artist performances, comedians, internationally-recognized DJ's, boxing, trade shows, conferences, speaking engagements, and private functions
- Also contains private luxury suites and the Vision Bar and Nightclub



Hotel



- Opened May 2011
- Renovated in 2016
- Opened Chairman's Level Summer 2016
 - 282 Rooms
 - Four (4) Chairman's Suites (complete with Chairman's Lounge)
 - Six (6) Presidential Suites
 - 16 Executive Suites
- Swimming Pool and Fitness Center
- AAA Four (4) Diamond Rating

COMMUNITY IMPACT

Community Involvement and Outreach



- Sands Bethlehem donated approximately four (4) acres to ArtsQuest in the Fall of 2009 to build the SteelStacks Campus, which opened in Spring 2012
- Sands Bethlehem donated over one (1) acre of land to PBS 39 in 2010 for the development of the SteelStacks Public Broadcast Center on the Western end of the former Bethlehem Steel site, which opened in Summer 2012
- Sands Bethlehem donated approximately two and one-half (2-½) acres in June 2011 containing the Industrial Stock House for the Visitor's Center, which opened in Spring 2013

Renovation of the Hoover Mason Trestle

- Sands Bethlehem entered into an Easement Agreement with the Redevelopment Authority of Bethlehem (RDA) in September 2013
- A permanent easement was granted to the RDA by Sands Bethlehem at no cost covering the area of the trestle and planned access improvements to preserve the trestle and create a public area and walkway
- The RDA invested approximately \$14M on the project; opened Spring 2015





Steelworkers' Archives



- Sands Bethlehem provides space within the casino building for the Steelworker's Archives (SA)
 - Relocated to The Outlets at Sands Bethlehem in 2016 to be more accessible to the general public
 - Sands Bethlehem outfitted SA with state of the art audio-visual equipment to help document the oral histories of Bethlehem Steel

CROSS MARKETING WITH THE LEHIGH VALLEY TO PROMOTE REGIONAL TOURISM



Community Involvement and Outreach

- Sands Bethlehem supports local non-profits with Fundraising Events, Food Drives, Team Member Charitable Donations, Adopted Families for Christmas, Volunteer Services, and Participation in events such as 5k walks, city clean-up events
 - 2017 Charitable Contributions: \$628,961
 - Lifetime Charitable Contributions: \$3,232,136
- Sands Bethlehem is a proud sponsor of such groups as ArtsQuest, Donegan Elementary School, Southside Arts District
- Our Team Members serve on the following Boards
 - Lehigh Valley Industrial Park
 - Northampton Community College Foundation
 - ArtsQuest
 - Discover Lehigh Valley
 - Chamber of Commerce
 - Southside Arts District
 - American Bus Association Foundation Board
- The Northampton Community College
 - Expanded its hospitality program and customer service training programs



EMPLOYMENT

JOB CREATION INCLUDING PA RESIDENTS

- Sands Bethlehem employs 2,473 team members (as of December 31, 2017)
 - The average total annual compensation for a Sands employee in 2017 was \$44,900
 - Lifetime employee compensation as of December 2017: \$694.6M
 - 135 promotions in 2017
 - 92% PA residents
 - 92% full time
- Third party tenants including retailers, Event Center and food and beverage outlets employ nearly 700 additional staff at the property
- **Employee Benefits**
 - Company pays 88% of Employee Health Care Premium Costs



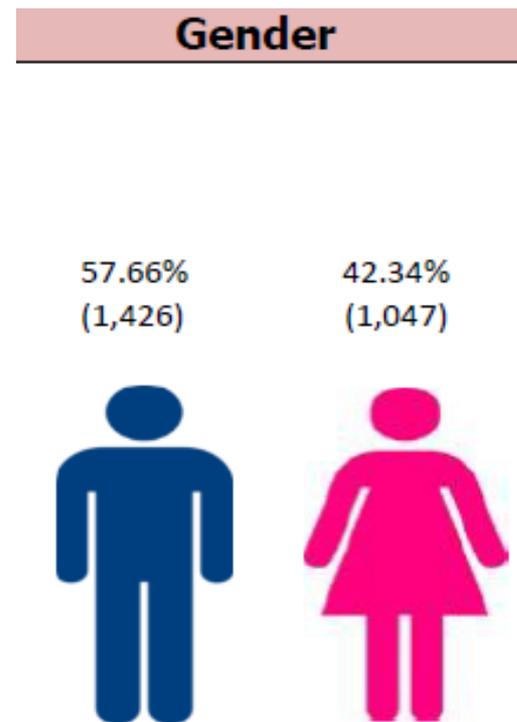
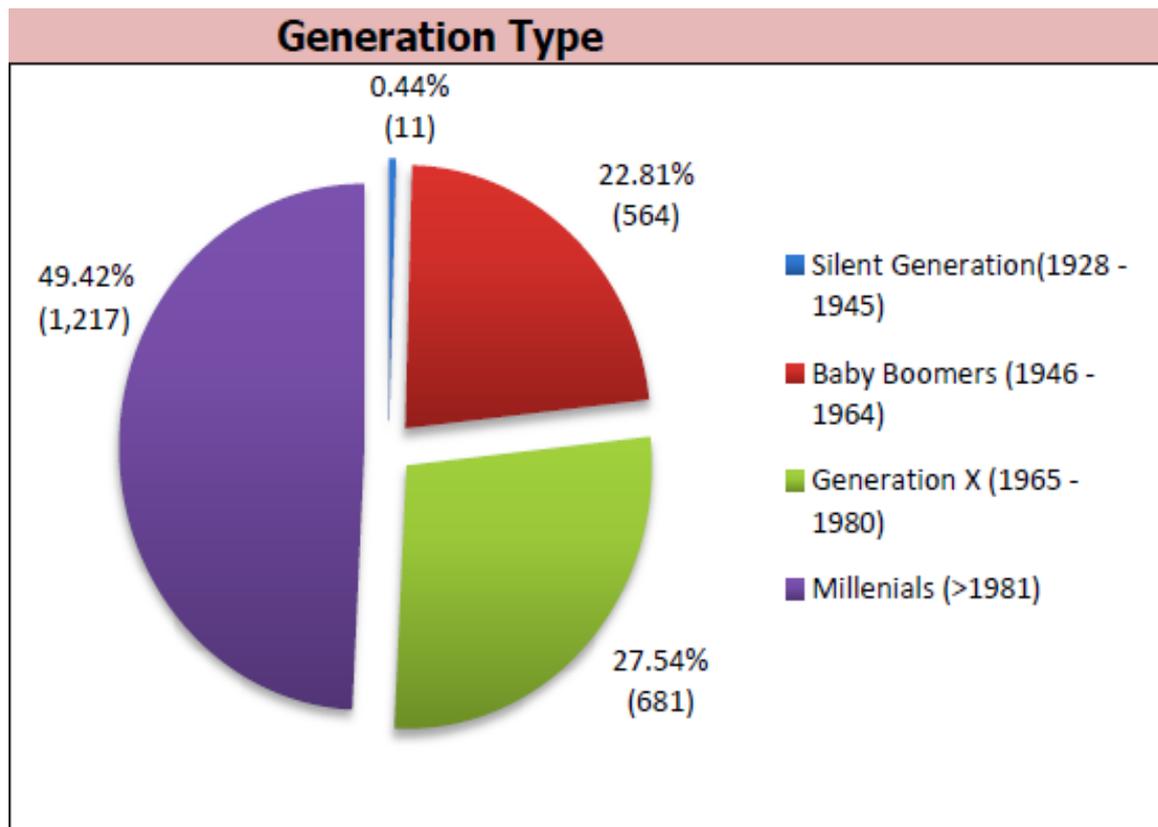
Employment Demographics

| PGCB Annual Diversity Report – Statewide Statistics* | | Sands Bethlehem Diversity Report Statistics as of December 31, 2017 | |
|---|--|---|--|
| In the Category of Executive, Management and Professional Staff (EMP) | Male – 63% Female – 37% Minorities – 23% | EMP | Male – 62% Female – 38% Minorities – 36% |

| PGCB Annual Diversity Report Sands Bethlehem – Total Workforce* |
|--|
| Male – 56% Female – 43% Minorities – 46% |

*Per PGCB Annual Diversity Report of June 30, 2017

2017 Snapshot of Employee Demographics



Team Member Residences

| STATES WHICH TEAM MEMBERS LIVE | % OF TEAM MEMBERS |
|---------------------------------------|--------------------------|
| PENNSYLVANIA | 92.04% |
| OUT OF STATE | 7.96% |
| Grand Total | 100.00% |

| AREAS IN PA WHERE TEAM MEMBERS LIVE | % OF TEAM MEMBERS |
|--|--------------------------|
| LEHIGH VALLEY | 81.66% |
| OUT OF STATE | 7.96% |
| MONROE COUNTY | 3.38% |
| OTHER | 2.56% |
| BUCKS COUNTY | 1.98% |
| CARBON COUNTY | 1.36% |
| BERKS COUNTY | 0.66% |
| PHILADELPHIA | 0.45% |
| Grand Total | 100.00% |

Recruitment is focused heavily on local markets, giving Sands a high residency rate in PA of 92% and 82% in the Lehigh Valley.

COMPANY TRANSFERS & PROMOTIONS

- **Total Transfers and Promotions since 2014**
 - Transfers: 745
 - Promotions: 521
- **Transfers and Promotions for Females since 2014**
 - Transfers: 341 or 46%
 - Promotions: 182 or 35%
- **Transfers and Promotions for Minorities since 2014**
 - Transfers: 341 or 46%
 - Promotions: 201 or 39%
- **Director-Level positions since 2014**
 - Females have seen a 164% increase in Director-Level positions since 2014

Employment Resources

Training

In addition to the excellent courses offered to our Team Members onsite, Sands Bethlehem has worked with Lehigh Valley community organizations to provide educational and/or training programs:

- Responsible Gaming Courses (on-going)
- CPR for dealers (on-going)
- Northampton Community College Training Programs (on-going)
- Greater Lehigh Valley Chamber of Commerce (vendor training program)
- English as a Second Language (ESL) Classes
- Dealer School Open Houses
- Employment Tours for Bethlehem Area School District

Sands Dealer School

In February 2017, Sands Bethlehem opened its first in-house dealer school. We now offer training in five (5) types of games. To date, 208 people have graduated and started employment at Sands, for a 62% graduation rate. 171 are still employed, an 82% retention rate.

- All advertisements for the Sands in-house Dealer School are displayed locally, and we have strong partnerships with Career Link, Hispanic Center of Southside Bethlehem, local High Schools, and Job Fair Partners
- Dealer School is 100% free of charge and classes are offered at various hours of the day to accommodate those who are currently working
- Average pay rate for first year Dealers were between \$18.57/hr. and \$19.07/hr. in 2017
- Minimum educational requirements are a High School Diploma or Equivalent, making it a great option for those delaying college or paying their way through school
- The diversity breakdown for the Dealer School graduates are 56% White and 44% Minority
- 91% of Sands Dealer School graduates are from PA, of which 88% is from the Lehigh Valley
- Prior to the Sands Dealer School, Sands partnered with NCC to offer new Dealer training. The number of NCC Dealer School graduates were as follows:
 - 2014: 105
 - 2015: 83
 - 2016: 58



Employment Partnerships within the Community

Via of the Lehigh Valley

- Via of the Lehigh Valley is a non-profit agency that provides services for children and adults with disabilities like autism, cerebral palsy, and Down syndrome
- Sands Bethlehem has maintained a strong partnership with Via of the Lehigh Valley for many years. Sands currently employs four (4) Team Members referred by Via, two (2) of which have been employed for over four (4) years
- Sands also supports Via through sponsorships and program support
 - Programs include clothing drives that benefit Via and their Thrift Stores
 - Sponsorships include Via Marathon, Basketball Banquet, Golf tournaments
- Sands arranged and paid for public speakers at the Annual Via Awards Banquet including:
 - Joe Theisman
 - Doug Flutie
 - Michael Irvin
 - Herschel Walker
- To date, Sands has given over \$275,000 to Via



Employment Partnerships within the Community

Victory House

- Victory House provides local homeless veterans and homeless men with opportunities to transition to independent living for a new beginning in their lives.
- Sands Bethlehem has also partnered with Victory House on employment opportunities to help find placement to help with their transition to independent living.
- Sands supports Victory House in many ways including donations for their Health Center, fundraiser sponsorships, and approximately 15 different Team Member Volunteer opportunities at the center.
- To date, Sands has given \$103,000 to Victory House



Employment Partnerships within the Community

Hispanic Center Lehigh Valley

- Local non-profit that strives to improve the quality of life of Hispanic and other families
- Hold regular job fairs at Hispanic Center and educate the community on career opportunities
- Sands has given \$173,400 to the Hispanic Center to date, which includes sponsorships and neighborhood initiatives

Bethlehem Area School District

- Sands Bethlehem has partnered with the Bethlehem Area School District guidance counselors with information to provide students who are looking for alternatives outside of college. Some of our efforts include:
 - Information packets with Career Pathways, Benefits Information, and property tour information for guidance counselors
 - Participated in multiple job fairs at both Freedom and Liberty High Schools.
 - Held Career and Property tour with guidance counselors on April 6, 2018
 - Presented Career Spotlights with Bethlehem Area Vo-Tech at their annual Open House
 - Career and Property Tour for Vo-Tech counselors being scheduled for May 2018



REGULATORY COMPLIANCE

Prevention of Minors on Casino Floor

- New and improved ID scanning system installed in March 2017
 - Tests not only age verification but multi-point check of the legitimacy of the ID
- Visitation in 2017: Approx. 9 million patrons (25,000/day)
- Challenges at the entrances: 898,957
- Since installation of the new system:
 - Fake IDs caught and turned away: Increase of 58%
 - Underage incidents leading to regulatory violations:
 - March 2016 to March 2017: **29**
 - March 2017 to March 2018: **6**

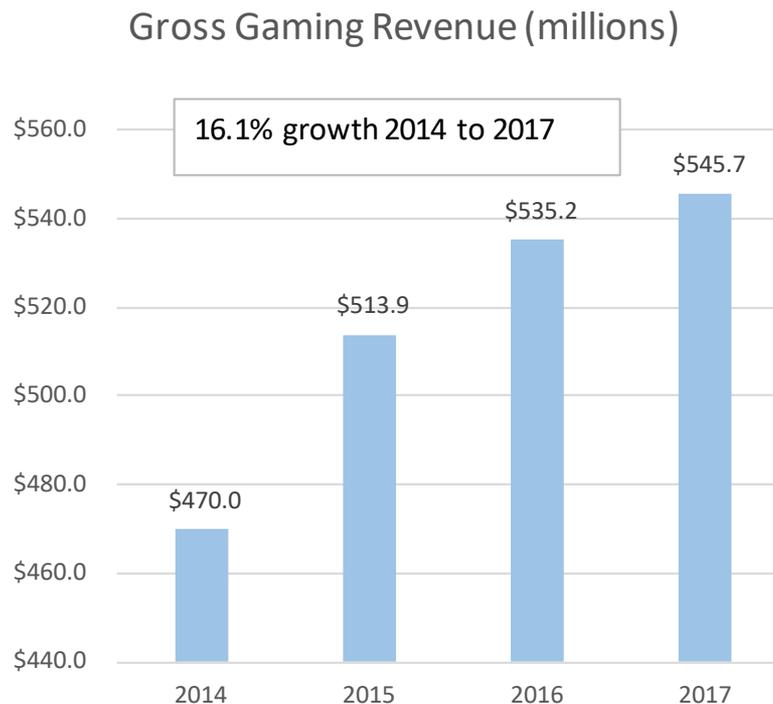


MITIGATION OF COMPULSIVE GAMBLING

- Problem Gambling Treatment Training Workshops:
 - Sands Bethlehem has provided Levels 1 and 2 Problem Gambling Treatment Training for the community through the PA Council on Compulsive Gambling
 - This series was offered each year since 2006
 - Social workers, counselors, psychologists, and other professionals received continuing education credits
 - Over 3,500 people received continuing educational credits from these trainings since they were first offered in 2006

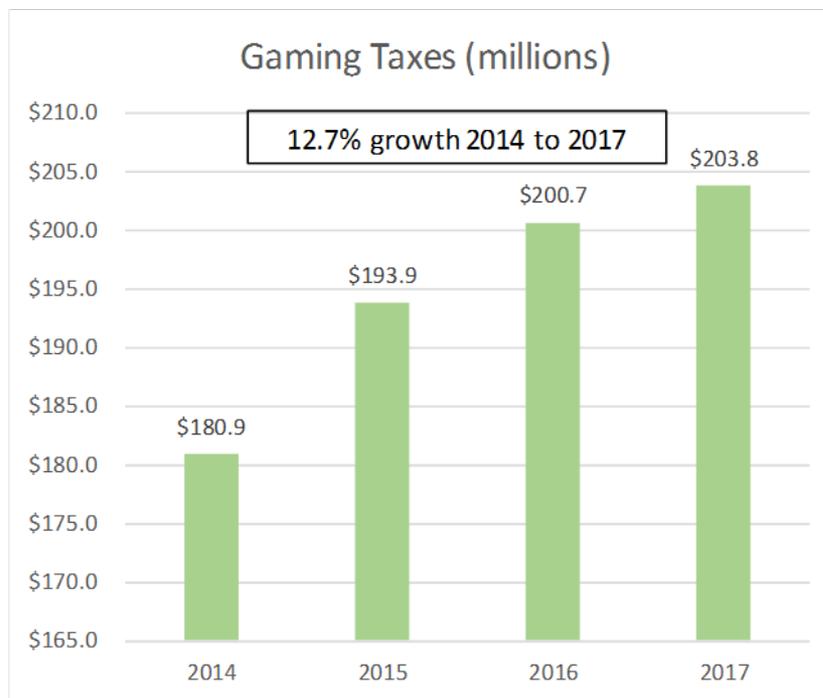
FINANCIALS

Growth of Gaming Revenue



- Ranked #1 in table revenue for 2017
- Ranked #2 in slot revenue for 2017
- Ranked #2 in gross gaming revenue in 2017

Gaming Taxes



Gaming Taxes have grown from 2014-2017

- Slot gaming taxes increased \$10.5M or 6.8%
- Tables gaming taxes increased \$12.5M or 47.1%
- Total gaming taxes increased \$22.9M or 12.7%

Lifetime to December 2017 Sands Bethlehem has paid \$1.5 billion in gaming taxes and \$73.6 million in state administrative/regulatory fees

Local Share

Local Share Distribution FY 2009-2017

Source PGCB

(in millions)

| Location | FY 2016-17 | Total 2009-17 |
|--------------------|---------------|----------------|
| Allentown | \$3.7 | \$28.2 |
| Bethlehem | 9.4 | 71.8 |
| Easton | 1.2 | 5.9 |
| Lehigh County | 1.3 | 9.3 |
| Northampton County | 4.0 | 28.0 |
| Total | \$19.6 | \$143.2 |

Other Taxes

Lifetime-To-December 2017

| | |
|-------------------------------------|------------------|
| Property taxes | \$84.7 M |
| Sales tax | 9.7 M |
| PA UI taxes | 8.2 M |
| Bethlehem local income tax withheld | 5.0 M |
| Hotel occupancy tax | 2.6 M |
| Total | \$110.2 M |

Sands Bethlehem greatly appreciates the opportunity to apply for renewal of its license to operate its gaming facility and to continue to work with the local community and Commonwealth of Pennsylvania.