

PENNSYLVANIA GAMING CONTROL BOARD

PUBLIC HEARING  
WASHINGTON TROTTHING ASSOCIATION

APRIL 10, 2008, 11:22 A.M.

NORTH OFFICE BUILDING  
HEARING ROOM 1  
HARRISBURG, PENNSYLVANIA

BEFORE:

MARY DiGIACOMO COLINS, CHAIRMAN  
RAYMOND S. ANGELI  
JEFFREY W. COY  
JAMES B. GINTY  
KENNETH T. McCABE  
GARY SOJKA

ALSO PRESENT:

OFFICE OF ENFORCEMENT COUNSEL  
BY: E. BARRY CREANY, ESQUIRE

FOR - PENNSYLVANIA GAMING CONTROL BOARD

FOX ROTHCHILD  
MARIE JONES, ESQUIRE

FOR - WASHINGTON TROTTHING ASSOCIATION

HILLARY M. HAZLETT, REPORTER  
NOTARY PUBLIC

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1           CHAIRMAN DiGIACOMO COLINS: We'll proceed. My  
2     apologies for the slight delay. And if everyone could  
3     tend to their cell phones and BlackBerries and  
4     electronic devices by turning them off, I would  
5     appreciate that.

6           There are two matters before the Board today  
7     that will be addressed prior to the public meeting.

8           The first matter is a petition by Washington  
9     Trotting Association, Inc., to modify its proposed  
10    permanent facility.

11          The second is a petition by Mount Airy #1, LLC,  
12    to authorize Demetrius & Company to act as the certified  
13    public accounting firm for the 2007 reporting period.

14          We will now entertain the petition regarding  
15    WTA. Representatives from the Office of Enforcement  
16    Counsel will address this as soon as everyone else has  
17    taken their positions.

18          Good morning. Good morning, everyone. Have a  
19    seat. Thank you.

20          Although, actually, before anyone has a seat, I  
21    think the first thing we should do is administer an oath  
22    to those who are about to testify in this matter.

23          MS. JONES: Good morning, Board Members. Marie  
24    Jones from Fox Rothchild. William Paulos, President of  
25    Washington Trotting Association and Manager of the

1 casino and resort.

2 David Climans an architect with CGL Architects.  
3 Guy Hilyer, Executive Vice President. I ask that they  
4 all be sworn please.

5 CHAIRMAN DiGIACOMO COLINS: If you would rise,  
6 please, and the court reporter will administer the oath.

7 (Witnesses sworn en masse.)

8 CHAIRMAN DiGIACOMO COLINS: Will Enforcement  
9 Counsel proceed please.

10 MR. CREANY: Good morning, Chairman DiGiacomo  
11 and Commissioners. Barry Creany representing the Office  
12 of Enforcement Counsel. We would like to reserve our  
13 position on this matter until after the testimony of the  
14 witnesses.

15 CHAIRMAN DiGIACOMO COLINS: Very well.

16 Would you like to proceed, counsel?

17 MS. JONES: Yes. As indicated, this is a  
18 petition for modification of the permanent facility.  
19 After evaluation of the market, WTA believes that they  
20 are better served with a parking facility as opposed to  
21 the hotel facility that was previously approved by the  
22 Board.

23 I am going to ask Mr. Paulos now to explain the  
24 revisions to the project and go through the PowerPoint.

25 MR. PAULOS: Actually, the PowerPoint didn't

1 get here for some reason. These are a little small for  
2 you. If you would not mind sharing this morning, we can  
3 go through these; and you can see the differences.

4 We at the Meadows are extremely pleased with  
5 our relationship and our association and our partnership  
6 with the Commonwealth and everything has gone very well  
7 since the opening of our particular casino and  
8 racetrack.

9 We are -- we went through probably the toughest  
10 winter in a long, long time in western PA and through  
11 that -- through that experience, we ascertained that it  
12 is much better for ourselves, our patrons, our partner  
13 in the Commonwealth to -- normally people don't have a  
14 problem hearing me -- our partners, the Commonwealth to  
15 go forward and make some changes, if we could.

16 One of our biggest problems, which we found  
17 Super Bowl Sunday, is parking. Parking in that area has  
18 been extremely difficult since the very beginning; but  
19 on Super Bowl, we also had to close our casino for  
20 overcapacity.

21 That was a very high class problem to have, but  
22 it certainly brought up some flaws in what we are  
23 proposing. We are just expanding. We are using  
24 basically the same footprint as we had originally with  
25 the hotel.

1           The only thing is we're taking the hotel out  
2           and that footprint where the hotel was we're expanding  
3           the gaming floor so that we can house up to 4,200 gaming  
4           units.

5           Under that space will be space for an  
6           open-to-the-public bowling facility. Okay. Then  
7           contiguous and connected with that facility, we are  
8           adding a 1,000 space garage.

9           This will protect our consumers from the  
10          elements during wintertime, give them a much better -- a  
11          much better experience when coming and parking their  
12          cars and walking into the casino. It will give them  
13          certainly more space when they are at the casino.

14          We can see -- you can see on the first page,  
15          that was the front exposure. This is the plat plan.  
16          The next page is the plat plan; and again, it sits in  
17          exactly the same location.

18          We were already under construction. This will  
19          not cost any more money. Actually, it will cost the  
20          same, the same amount of money. We had to make sure  
21          that that worked within these plans.

22          So no financing adjustment is necessary  
23          whatsoever. We are -- as you can see, the way the  
24          garage connects to the casino making it a much better --  
25          a much better scenario for our patrons.

1           The other thing, while we were going and  
2 looking into this plan and looking at the changes, we  
3 wanted to make sure that we were -- weren't hastening to  
4 judgment.

5           Basically, in our area, within a ten-minute  
6 drive, there are 774 hotel rooms at a 68.3 percent  
7 occupancy in 2007. They are the Holiday Inn, the  
8 Comfort Inn, Springhill Suites, Days Inn, Ramada Inn,  
9 and Hilton Garden Hotel in Southpoint.

10           In January, three new facilities were  
11 announced. They are a Hilton Extended Stay of 125  
12 rooms, Cambria Suites with 125 rooms, and a Southpoint  
13 Convention Center with 150 rooms.

14           That being the case, we determined that all of  
15 these -- most of these facilities are invested by local  
16 investors.

17           Therefore, for us to compete with those local  
18 investors, we have from the very beginning said we don't  
19 want to compete with the local folks. We want their  
20 investment to grow.

21           As you all know, Washington County is  
22 exploding. We have in the fall, Tanger Mall opening up  
23 directly across from the Meadows. We have -- they have  
24 just completed a shopping center less than five miles  
25 from the Meadows.

1           So this becomes -- this becomes a very  
2 synergistic change and actually helps the county and the  
3 state so we would respectfully request that these  
4 changes can be made. Thank you.

5           MS. JONES: Thank you. If you could just do  
6 the other pictures. That is a proposed floor plan.

7           MR. PAULOS: This is the main casino floor  
8 plan, which shows the expanded casino floor that links  
9 directly into the parking structure. It's a four-story  
10 parking structure plus roof. So, there's five levels of  
11 parking with three elevators for convenient access to  
12 the entrance of the casino.

13           This is our track level plan, which  
14 accommodates the new bowling facility, as well as the  
15 simulcast facilities. It connects directly out to the  
16 racetrack.

17           There are food and beverage concessions at this  
18 level as well. This level also houses the  
19 administration for the casino.

20           Our second-floor plan, which is visually  
21 connected to the gaming floor, and it also houses our  
22 premiere steak house, as well as VIP boxes; and then the  
23 other levels, the little plans are the judge's tower and  
24 photo finish up above.

25           All of the food venues will have visual

1 connections to the racetrack throughout the entire  
2 facility and also excellent exposure to the gaming floor  
3 at the same time. It's a fully integrated casino and  
4 racetrack facility that we're creating here.

5 Then our final slide is the track view, which  
6 shows the configuration of the facade facing the  
7 racetrack, as well as the entry road coming up around  
8 the parking structure.

9 COMMISSIONER ANGELI: Excuse me.

10 CHAIRMAN DiGIACOMO COLINS: Of course.

11 COMMISSIONER ANGELI: Can we ask questions as  
12 we go along?

13 CHAIRMAN DiGIACOMO COLINS: Of course.

14 COMMISSIONER ANGELI: I was looking at your  
15 parking garage and elevator. It appears on the second  
16 floor and then I'm not sure on the third floor, are you  
17 coming out of the elevator on to unfinished space?

18 MR. PAULOS: On the track level, you're  
19 referring to?

20 COMMISSIONER ANGELI: That right there.

21 MR. PAULOS: Yeah. The connection from the  
22 parking structure is at the casino floor level, which is  
23 at the main floor. This is the track level, which is 15  
24 feet below the main floor.

25 So, we are specifically connecting at that one

1 level would be -- which will be a covered walkway from  
2 the casino to the parking garage.

3 COMMISSIONER ANGELI: That anterior walkway  
4 that goes across there?

5 MR. PAULOS: That is correct.

6 COMMISSIONER ANGELI: So you come out of the  
7 walkway and go down that interior walkway?

8 MR. PAULOS: Yes, sir.

9 COMMISSIONER ANGELI: And the elevator on that  
10 second floor just goes into the unfinished space?

11 MR. CLIMANS: The elevator connects up to this  
12 level. The entry level up to the casino. There's no  
13 access from the elevator lobby to the track level.

14 COMMISSIONER ANGELI: Okay. Thank you.

15 COMMISSIONER McCABE: I have some questions, it  
16 pertains to the bowling alley, the use of the bowling  
17 alley, minors. Maybe that's one of the reasons you have  
18 the elevators open to the entrance to the casino the way  
19 you do.

20 Why are you putting a bowling alley in there?  
21 It wasn't originally in there, one. Then two, are you  
22 going to open it up to people under 21, families,  
23 different groups that come to be able to bowl there?  
24 What kind of security plans do you have to ensure that  
25 underage gambling doesn't occur?

1           MR. PAULOS: We have as was in our original  
2 plan, if you look at the floor plan page, okay, as you  
3 come across from the garage, there is the first  
4 entryway. That entryway has always been there. That  
5 entryway is a secured entryway staffed by security.  
6 There are an escalator and elevator that go down to the  
7 racing area, which underaged people are allowed to go  
8 and the bowling center.

9           Okay. So, that's where they are allowed to go.  
10 They can't come up the backside because the backside is  
11 also patrolled by security and has a pinch point  
12 entryway as we do in our temporary casino today. That  
13 is a completely patrolled area.

14           COMMISSIONER McCABE: Do you plan to open the  
15 bowling alley to anybody that wants to come and just  
16 bowl?

17           MR. PAULOS: There will be hours where -- for  
18 instance, the present plan is that perhaps after 6:00  
19 p.m. will be adults only anywhere. During the days, it  
20 would be family bowling.

21           CHAIRMAN DiGIACOMO COLINS: Thank you. You  
22 currently card at your entrances, have security card  
23 people for underage?

24           MR. PAULOS: Yes. We have a permanent -- we  
25 have a permanent site of where our station -- our

1 security is stationed. They card people as they go  
2 through. We do not have a roaming security entrance.

3 COMMISSIONER McCABE: Through my visits at some  
4 neighborhood casinos out in Las Vegas, I saw structures  
5 like this where they had a casino part and then a part  
6 where they did have a bowling alley, a movie theater,  
7 and a daycare center. This is along those lines as  
8 being a neighborhood casino?

9 MR. PAULOS: Yes, it is. Yes, it is. We want  
10 to create as much -- as much to do in the neighborhood,  
11 so to speak, and for the pleasure of our patrons as we  
12 can.

13 CHAIRMAN DiGIACOMO COLINS: Any other questions  
14 at this point?

15 COMMISSIONER GINTY: I have a couple. Do you  
16 have all of your local permits and zoning variances?

17 MR. PAULOS: Yes, sir.

18 COMMISSIONER GINTY: You're ready to proceed?

19 MR. PAULOS: We're ready to proceed. Yes, sir.  
20 We are actually building the original section of the  
21 casino now.

22 CHAIRMAN DiGIACOMO COLINS: I have a couple of  
23 questions. You were here -- your counsel was before us,  
24 I guess it was August, this past August, might have been  
25 September actually asking for a change to build a hotel.

1                   So if you could sum up, what is the driving  
2 force behind this change of business plan for you? What  
3 is -- what is driving this right now?

4                   MR. PAULOS: What is driving this right now is  
5 what is best for our patrons, what is best for our  
6 partner, the Commonwealth, and what is best for WTA.

7                   CHAIRMAN DiGIACOMO COLINS: And what would that  
8 be?

9                   MR. PAULOS: That would be to increase revenues  
10 and for our employees and patrons to have a much better  
11 experience in coming. We found going through this  
12 winter that the parking garage was far more important to  
13 the success of the facility than a hotel would be.

14                   CHAIRMAN DiGIACOMO COLINS: Does the  
15 intervening announcement in January of three additional  
16 hotels in the vicinity being built impact the decision  
17 on whether or not you need more hotel rooms?

18                   MR. PAULOS: No. It really didn't. We  
19 certainly are going to have plenty of hotel rooms in the  
20 area. That will give us 1,000 hotel rooms. So, we're  
21 certainly -- we actually become -- we actually help them  
22 --

23                   CHAIRMAN DiGIACOMO COLINS: You don't need to  
24 build a hotel, because in January, there's an  
25 announcement there that are three more coming on?

1           MR. PAULOS: Correct. However -- however,  
2 David is in the process of planning out and designing  
3 Phase II, which does have a hotel associated with it,  
4 which may be begun in, you know, 24 months.

5           CHAIRMAN DiGIACOMO COLINS: How many total slot  
6 machines will you have with the -- with this plan?

7           MR. PAULOS: With this plan, we will have the  
8 option to go up to 4,200 machines.

9           CHAIRMAN DiGIACOMO COLINS: Okay. Enforcement  
10 Counsel, questions?

11          MR. CREANY: I'm sure Mr. Paulos would be best  
12 to answer this. You had addressed that the budget would  
13 be on target with this change that you would be asking  
14 for?

15          MR. PAULOS: Yes, sir.

16          MR. CREANY: With respect to the timetable, I  
17 think on the last change you indicated that we would  
18 still be seeing the facility completed in June of 2009.  
19 How does that affect this timetable?

20          MR. PAULOS: It does not affect it at all.

21          MR. CREANY: With respect to the bowling alley  
22 that you are building, is it going to have amenities  
23 such as a bar, a restaurant, or anything in that  
24 portion?

25          MR. PAULOS: There was already a bar and

1 restaurant or a snack bar down in that area, because  
2 that is also the area where the mutuels are.

3 MR. CREANY: With respect to the hotels  
4 currently that you have there, what is the total rooms  
5 or basically, if you can give us geographically from the  
6 hotel what are we looking at in that area currently for  
7 supplying --

8 MR. PAULOS: Contiguous to our property is a  
9 Hampton Inn, which has 103 rooms. There is a Holiday  
10 Inn, which has 154 rooms. Then we have in Southpoint,  
11 we have the Hilton Garden Inn, which is approximately  
12 175 rooms. Then down in Washington, I think is the  
13 Spring Hill and the Marriott.

14 MR. CREANY: So, within how many mile radius  
15 are you talking the six that exist from the facility?

16 MR. PAULOS: It's five miles up to Southpoint.  
17 Washington is probably eight miles.

18 MR. CREANY: And are the three that were  
19 proposed, are they within the same five-mile --

20 MR. PAULOS: The three that were proposed are  
21 in Southpoint.

22 MR. CREANY: I think that the Commissioners are  
23 probably aware of this. I'm aware from having been  
24 there. Just for the record, can you explain what  
25 currently you have at the temporary facility by way of

1 parking? What is that? How is this parking structure a  
2 better situation for the facility?

3 MR. PAULOS: Well, right now, we're all surface  
4 parking. We're entirely surface parking. As we all  
5 know, Western PA is rather hilly. So it's quite a trek  
6 to go from some of the furthest parking areas.

7 We have two buses that roam the facility now to  
8 pick up people to come in. That's fine on a day that is  
9 nice like today. On inclement weather days, it's very,  
10 very difficult for the customers. So this covered  
11 parking area becomes a major, major benefit.

12 MR. CREANY: Other than on Super Bowl Sunday,  
13 had you had some capacity problems with the surface  
14 parking?

15 MR. PAULOS: Yes, we have. We have had  
16 problems with parking. People park all over the place.  
17 People will park on the grass, anywhere they possibly  
18 can.

19 MR. CREANY: Do your architects and folks tell  
20 you that the 1,000-space garage is going to be adequate  
21 or do you have an overflow in addition to that?

22 MR. PAULOS: We will have an overflow space in  
23 addition to that. So we will have 2,700 parking spaces.

24 MR. CREANY: With respect to this project and  
25 there had been, I believe, something of a record back in

1 the last proposal; but other than having obtained the  
2 necessary permits to go ahead with this, what would you  
3 say can be gauged at a local support for this  
4 modification? Have you had any contact with the  
5 Township authorities as to --

6 MR. PAULOS: Oh, yes. North Strabane Township  
7 welcomes with open arms the parking facility. It's --  
8 you know, it's a problem. So they are extremely happy  
9 with that parking facility.

10 MR. CREANY: Finally, and you mentioned the  
11 possibility of a Phase II, a hotel may be built with  
12 that Phase II. What would be a trigger for you to go  
13 ahead with Phase II at this point?

14 MR. PAULOS: We look at the occupancy. Quite  
15 frankly, we look if it would happen with the advent of  
16 table games. That would create a different customer and  
17 a different consumer.

18 We could stretch the borders a little bit wider  
19 and have more out of state guests come in for overnight  
20 business.

21 MR. CREANY: Thank you. I have no further  
22 questions, Your Honor.

23 CHAIRMAN DiGIACOMO COLINS: Commissioner  
24 McCabe?

25 COMMISSIONER McCABE: I have maybe not a

1 question but a suggestion for the business out there.  
2 It always seems like the handicap parking is not only  
3 full but there's more and more people coming in looking  
4 for a handicap space.

5 Do you have plans for this parking facility to  
6 have more handicap parking spaces knowing the customers  
7 that -- the demographics that we're seeing in western PA  
8 to help?

9 MR. CLIMANS: I can answer that. There will be  
10 handicap parking on every level adjacent to the  
11 elevators. We're complying to the regulations in that  
12 regard.

13 CHAIRMAN DiGIACOMO COLINS: And your financing  
14 is completely in place for this?

15 MR. PAULOS: Completely, completely, and has  
16 been since last May.

17 CHAIRMAN DiGIACOMO COLINS: Thank you.

18 Counsel anything?

19 I'm sorry. Any other questions?

20 COMMISSIONER ANGELI: I want to follow up. Is  
21 that your permanent financing?

22 MR. PAULOS: Yes.

23 CHAIRMAN DiGIACOMO COLINS: Any other questions  
24 from any of the Commissioners?

25 Counsel, do you have any final statement?

1           MS. JONES: I would like to move into evidence  
2 the PowerPoint presentation.

3           MR. CREANY: No objections.

4           CHAIRMAN DiGIACOMO COLINS: It's accepted.  
5 Anything further to state?

6           MR. CREANY: Commissioners, the Office of  
7 Enforcement Counsel has consulted with all of the  
8 various offices and Bureaus within the Gaming Control  
9 Board.

10           There are no objections to raise to the  
11 petition at this time. Because this is going to be a  
12 new facility, it will be required to go through the same  
13 series of inspections and testing and checks that the  
14 PGCB opening team submits to all its new facilities.

15           Therefore, at this point, Office of Enforcement  
16 Counsel has no, you know, recommendations for specific  
17 conditions to place on an Order approving the request  
18 for relief that WTA has here. Thank you.

19           CHAIRMAN DiGIACOMO COLINS: All right. Thank  
20 you. While we have you here, I have a question. The  
21 revenues that you are realizing now, do they exceed your  
22 projections and expectations at this point?

23           MR. PAULOS: Yes, ma'am. We were extremely  
24 fortunate and pleased to be able to pay \$12 million in  
25 taxes last month.

1                   CHAIRMAN DiGIACOMO COLINS: Lucky you. Good.  
2 Well, that's a good start. I'm glad to hear that.

3                   COMMISSIONER McCABE: That leads me to ask the  
4 question, how will the opening of Pittsburgh Majestic  
5 Star affect you? Have you taken that into  
6 consideration?

7                   MR. PAULOS: Taking that into consideration  
8 without question, we believe that when they first open,  
9 they will have a percentage affect on our business. As  
10 we have seen throughout our many, many years of  
11 experience, that revenues will come back to its normalcy  
12 and the market will actually expand.

13                  COMMISSIONER SOJKA: Could I ask just one quick  
14 question; that is, since you are going to be changing  
15 the configuration of the gaming floor and adding  
16 machines, can you anticipate any impact, positive or  
17 negative, on the racing operation?

18                  MR. PAULOS: We think it's going to be  
19 positive. I truly believe this. I have seen most of  
20 the facilities in the state. My colleagues have done an  
21 absolutely wonderful job in building their facilities;  
22 but to date, there is not a facility that will be able  
23 to compare with the Meadows once the Meadows is open.  
24 It also will be the most integrated of all of the  
25 facilities between the racing and the casino.

1                   CHAIRMAN DiGIACOMO COLINS: Thank you very  
2 much.

3                   MS. JONES: Chairman Colins, we would ask your  
4 indulgence to let Mr. Hilyer and Mr. Paulos leave. They  
5 have to catch a flight. Mr. Paulos has a family  
6 emergency.

7                   CHAIRMAN DiGIACOMO COLINS: Absolutely. I see  
8 no need for further questions. So with the Board's  
9 permission, we'll let them go. Thank you very much.

10                  MS. JONES: Thank you.

11                  CHAIRMAN DiGIACOMO COLINS: All right. We will  
12 defer this. We will hear testimony on the Mount Airy  
13 petition. We'll break for an executive session and vote  
14 on the petition, a motion on the petition during the  
15 public meeting today.

16                  MR. PAULOS: Thank you very much for your time.

17                  CHAIRMAN DiGIACOMO COLINS: Thank you, sir.

18                  (The hearing concluded at 11:45 a.m.)

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1 I hereby certify that the proceedings and evidence are  
2 contained fully and accurately in the notes taken by me  
3 on the within proceedings and that this is a correct  
4 transcript of the same.

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Hillary M. Hazlett, Reporter  
Notary Public

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