

COMMONWEALTH OF PENNSYLVANIA

GAMING CONTROL BOARD

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PUBLIC HEARING

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BEFORE: GREGORY C. FAJT, CHAIRMAN
Jeffrey W. Coy, James B. Ginty, Kenneth T. McCabe, Gary A. Sojka, Kenneth Trujillo, Raymond S. Angeli (via telephone)
David Barasch Deputy Secretary of the Department of Revenue, Representative, John Lisko, Chief of Staff to Treasurer McCord

HEARING: March 3, 2010, 10:30 a.m.

LOCATION: PUC - Harrisburg
Commonwealth Keystone Building
400 North Street, Plaza Level
Harrisburg, PA 17105

WITNESSES: Steve Wynn

Reporter: Cynthia Piro-Simpson

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CHAIRMAN FAJT:

We'll now hear the Foxwoods matter and take testimony as to why the Board should not impose further sanctions for the failure of Foxwoods to comply with this Board's September 1, 2009 Order. Procedurally, we'll hear from Foxwoods first. The Office of Enforcement Counsel (OEC) will then have the opportunity to question any of Foxwoods' witnesses, after which individual Board members may ask questions. Following the completion of the Foxwoods' case in chief, the OEC will have the opportunity to present any evidence in response. And likewise, Foxwoods will have the opportunity to Cross Examine any witnesses and the OEC. Once this evidence has been taken, the Board will adjourn and engage in quasi-deliberative process in executive session. I will note for the record that the Board has also received letters from Senator Farnese and Representative Michael O'Brien, two of the legislators which have previously been granted amicus status in these proceedings. Those letters have been circulated to the parties and have been reviewed by the Board. They will be made part of the record in these

1 proceedings.

2 Before we begin, I do want to make it
3 perfectly clear that, notwithstanding what has been
4 reported in media or elsewhere, the purpose of this
5 hearing is not, is not for the Board to pass judgment
6 on any proposed restructuring of the Foxwoods project
7 or to approve any changes to development plans which
8 were previously submitted by Foxwoods and approved by
9 the Board. The sole purpose of this hearing is to
10 determine whether Foxwoods remains out of compliance
11 with the Board's September 1, 2009 Order, and if so,
12 whether additional sanctions should be imposed by the
13 Board due to that noncompliance. I suspect we may
14 hear today what Foxwoods' plans are going forward. If
15 there's a contemplated change in some ownership of
16 this project or a modification of the
17 previously-approved development plans, those matters
18 would have to be the subject of a separate and
19 distinct request to the Board and further hearings to
20 be scheduled in the future to receive that evidence.
21 For those from the Philadelphia area, you should be
22 aware that before any proposed change in development
23 plans would be considered by this Board, the Board
24 would hold a hearing in Philadelphia to receive public
25 input on that matter.

1 Okay. Will Foxwoods' Counsel and the OEC
2 please identify each witness who will be presenting
3 testimony today and have each witness stand to be
4 sworn? Foxwoods, you may now proceed with calling
5 your witnesses.

6 ATTORNEY JACOBY:

7 Mr. Chairman, I would ask that Mr.
8 DiGiacomo, Counsel for Mr. Wynn, and Mr. Wynn and his
9 CFO, Mr. Maddox, be permitted to sit at the table.

10 CHAIRMAN FAJT:

11 Could you please identify yourself for
12 the stenographer?

13 ATTORNEY JACOBY:

14 Certainly. My name is Fred Jacoby. I am
15 Co-Counsel for Philadelphia Entertainment Development
16 Partners, Foxwoods, in this matter with Mr. Graci.
17 I'm introducing Mr. DiGiacomo from Duane Morris, who's
18 Counsel for Wynn, who'll introduce his clients. Your
19 Honor, at the present time it's anticipated that I
20 will testify, Mr. Wynn will testify. And is Mr.
21 Maddox going to testify or he'll be answering
22 questions?

23 ATTORNEY DIGIACOMO:

24 Mr. Maddox is not intending to testify,
25 but ---.

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CHAIRMAN FAJT:

Can you talk into the microphone, please?

ATTORNEY DIGIACOMO:

I'm sorry.

CHAIRMAN FAJT:

Thank you. And please identify yourself for the stenographer.

ATTORNEY DIGIACOMO:

Certainly. Mr. Chairman, members of the Board, Frank DiGiacomo, D-I-G-I-A-C-O-M-O, from Duane Morris, on behalf of Wynn Resorts.

CHAIRMAN FAJT:

Thank you. And Mr. Jacoby, again, any non-lawyer witnesses, could you please have them stand to be sworn?

WITNESSES SWORN EN MASSE:

CHAIRMAN FAJT:

Foxwoods, you can now proceed with your testimony.

ATTORNEY JACOBY:

Good morning, Mr. Chairman and members of the Board. Thank you for this opportunity to present our testimony to you as to why we believe that the

1 sanction imposed by the Board on PEDP --- and as was
2 my custom in the past, I may refer to them
3 interchangeably as Philadelphia Entertainment
4 Development Partners, PEDP or Foxwoods, and I hope
5 you'll indulge me, the sanction imposed by the Board
6 on PEDP, pursuant to its Order of February 10, 2010,
7 should be terminated and why the Board should not
8 impose any additional sanctions on PEDP in connection
9 with its compliance with Conditions Five and Six of
10 the Order issued September 1st, 2010 by the Board. I
11 may, from time to time, refer to that Order, the
12 September 1st Order with the conditions, as the
13 Conditions Order just for reference purposes.

14 Following a hearing before the Board on
15 January 27, 2010, the Board issues its Order of
16 February 10th, 2010, imposing a monetary sanction of
17 \$2,000 a day upon PEDP, commencing December 1st, 2009
18 through March 3rd, 2010, until Foxwoods fulfilled its
19 obligations under Conditions Five and Six of the
20 Board's Order of September 1st, 2009. In its
21 sanctions Order, as the Chairman indicated initially,
22 the Board also issued a Show Cause upon PEDP to show
23 cause why the Board should not impose further
24 sanctions upon PEDP should PEDP continue to fail to
25 comply with the Conditions Order, which is the purpose

1 of today's hearing. In addition to meetings and other
2 communications by PEDP and by Wynn with BIE, the
3 Bureau of Investigation & Enforcement, on March 2nd,
4 2010 PEDP submitted to the BIE its evidence and
5 argument as to why the Board should terminate the
6 sanctions that imposed further sanctions. In support
7 of this request, PEDP respectfully submits that the
8 sanctions are no longer necessary to achieve their
9 intended purpose in light of the term sheet entered
10 into as of February 18, 2010, with an affiliate of
11 Wynn Resorts, Limited. A copy of this term sheet was
12 delivered to BIE on February 19, 2010, the day
13 following its execution. This request is also based
14 upon the recent changes in the Gaming Act, which now
15 provide for gaming establishments with slot machines
16 to have table games and --- and this is important.
17 And I think --- I know the Board appreciates it, but I
18 think it's important for the record, with the approval
19 only of the Board, a further extension of the time to
20 make slot machines available for play, which would
21 enable PEDP to facilitate the plan development of its
22 casino on its site on Columbus Boulevard, as directed
23 by this Board in its September 1st Order.

24 Both an extension of time, as provided by
25 the Act, and a full casino with slot machines and

1 table games are contemplated by Wynn, as reflected in
2 the term sheet delivered to BIE on February 19th. Mr.
3 Wynn will address that momentarily. The term sheet
4 entered into by the parties provides for Wynn to
5 eventually own 51 percent of and manage PEDP, again,
6 following the receipt of all necessary Board and other
7 approvals and conditions, as contemplated by the term
8 sheet. Very importantly, there are no financial
9 contingencies, and we will provide funds for the
10 development of the facility through three primary
11 sources. Firstly, by Wynn's own capital investment to
12 the partnership. Secondly, through an interim
13 convertible note. And thirdly, through senior
14 subordinated debt to be issued by Wynn to PEDP. In
15 addition, it is potentially possible but not a
16 certainty that Wynn may obtain third-party financing
17 as well. But at the present time the approach is to
18 use the interim convertible note, equity and senior
19 subordinated debt. And this is important. On Monday,
20 March 1st, we submitted to BIE copies of the interim
21 convertible note --- a draft of the interim
22 convertible note and of the senior subordinated debt.
23 And at that time we also provided BIE with a summary
24 of the terms of credit facilities for which Wynn was
25 soliciting financing. And this is important for two

1 reasons. Number one, and I know this is the keystone
2 of the Board's adjudication on February 10th, which is
3 we need to progress. We need to move on. We need to
4 have a plan. We need to execute our plan, number one.
5 But number two, as you may recall, Condition Four
6 required us to deliver financing documents to BIE by
7 March 4th --- strike that, March 1st, 2010, which we
8 believe we did. They're still in draft form. There
9 are substantial documents. We're working closely with
10 BIE. We just met with them on Monday, again.

11 Although PEDP wishes to offer additional
12 testimony following Mr. Wynn's presentation, I believe
13 it is important at this point to introduce Mr. Wynn
14 and his Counsel, Mr. DiGiacomo, and to allow Mr. Wynn
15 to speak to you directly about his organization, the
16 contemplated transactions and his mission for the
17 development of the facility. After he has concluded,
18 I propose to continue my testimony in support of our
19 opposition to the show cause for the imposition of
20 sanctions, for the termination of sanctions. But at
21 this time I think it's appropriate for you to hear
22 from Mr. Wynn. Mr. DiGiacomo?

23 ATTORNEY DIGIACOMO:

24 Thank you, Mr. Jacoby. Mr. Chairman,
25 again, I'm Frank DiGiacomo on behalf of Wynn Resorts.

1 I have with me the Chairman and CEO of Wynn Resorts,
2 Steven Wynn. Seated to Mr. Wynn's right is the CFO of
3 the company, Matt Maddox. Also present here today is
4 the company's General Counsel, Kim Sinatra. I'll turn
5 it over to Mr. Wynn. Thank you.

6 -----
7 STEVE WYNN, HAVING BEEN PREVIOUSLY SWORN, TESTIFIED AS
8 FOLLOWS:
9 -----

10 MR. WYNN:

11 Good morning, Mr. Chairman, members.
12 This is the first time I've ever been to Harrisburg.
13 It's a stunning Capitol square that you have here. It
14 reminds me of the Parthenon. I don't think I've ever
15 seen a more beautiful Capitol area than the one today.
16 It was a wonderful surprise.

17 AUDIENCE MEMBER:

18 My name is Andrea Preis ---

19 CHAIRMAN FAJT:

20 Ma'am, ma'am, would you please sit down?

21 AUDIENCE MEMBER:

22 --- and I'm here to tell you ---

23 CHAIRMAN FAJT:

24 Ma'am.

25 AUDIENCE MEMBER:

1 --- we do not want you ---.

2 CHAIRMAN FAJT:

3 Could we please have security remove her
4 from the building, please?

5 AUDIENCE MEMBER:

6 We do not want your free coupons, your
7 free booze. We do not want ---.

8 CHAIRMAN FAJT:

9 Can we take a short break?

10 SHORT BREAK TAKEN

11 CHAIRMAN FAJT:

12 Let me say it again, folks. Those that
13 choose to ---.

14 AUDIENCE MEMBER:

15 We have been ignored and overruled. I
16 speak for the public. I am a citizen. I am a
17 taxpaying citizen.

18 CHAIRMAN FAJT:

19 Folks, I will say it again. Those of you
20 who choose to speak out as this woman has done today
21 will be escorted out of the room and will be charged.

22 AUDIENCE MEMBER:

23 Charged with what?

24 CHAIRMAN FAJT:

25 Will be charged. I apologize for the

1 interruption. Please continue.

2 ATTORNEY JACOBY:

3 Thank you, Mr. Chairman.

4 MR. WYNN:

5 Usually it takes people a few days after
6 they've met me not to like me.

7 CHAIRMAN FAJT:

8 Mr. Wynn, one second, please.

9 SERGEANT PYLE:

10 My name is Sergeant Pyle and this is Mr.
11 Fife (phonetic). This is a public meeting. You don't
12 have the right to disrupt the meeting. Thank you.

13 CHAIRMAN FAJT:

14 Thank you.

15 AUDIENCE MEMBER:

16 I didn't hear you.

17 CHAIRMAN FAJT:

18 Sergeant, could you take a microphone and
19 please repeat what you just said so that everybody is
20 very clear as to what the rules of the road are going
21 to be today?

22 SERGEANT PYLE:

23 Okay. They're running the meeting.
24 You'll have to ask your questions to them, but it's
25 not an open forum. Okay. So I suggest until the

1 after the meeting is over, when they have a break,
2 then you can ask your questions. But please do not
3 disrupt the meeting. Thank you.

4 CHAIRMAN FAJT:

5 Thank you.

6 AUDIENCE MEMBER:

7 They will be charged or will they just be
8 escorted out?

9 CHAIRMAN FAJT:

10 Sir, please sit down. Please sit down.

11 AUDIENCE MEMBER:

12 Escort me.

13 CHAIRMAN FAJT:

14 Please sit down.

15 AUDIENCE MEMBER:

16 These citizens have the right to
17 know ---.

18 CHAIRMAN FAJT:

19 Please sit down.

20 AUDIENCE MEMBER:

21 What will be ---?

22 CHAIRMAN FAJT:

23 They're going to be escorted out of the
24 building. Mr. Wynn, please proceed.

25 AUDIENCE MEMBER:

1 This is a public hearing.

2 CHAIRMAN FAJT:

3 Ma'am. Folks, we're not going to
4 tolerate this. You will be escorted out of the
5 building. We will stay afterwards if you want to talk
6 to us, we're fine to do that, but we are not going to
7 have a hearing today that's going to be disrupted by
8 constant outbursts from the crowd. That's not the way
9 this is going to operate. Folks. Mr. Wynn, again, my
10 apologies. Please proceed.

11 MR. WYNN:

12 I appear here today as is --- the Board
13 has made it very clear that this hearing today has a
14 very special and limited nature, and so I'm going to
15 try in the interest of brevity and conformity to your
16 remarks to fit into the program as described today.

17 Our company, Wynn Resorts, has been
18 brought in to join in Philadelphia Entertainment and
19 the Foxwoods Groups to provide financing.

20 CHAIRMAN FAJT:

21 Ma'am, please. Will you please be
22 seated? Folks, we're going to take a break. And
23 could I please talk with the security guards, and
24 we're going to take a five-minute break. Thank you.

25 SHORT BREAK TAKEN

1 CHAIRMAN FAJT:

2 Back to order. Let me just say again
3 that the people who are disrupting this meeting, it
4 will not be tolerated. They will be arrested. This
5 is a democracy. We have no problem with somebody
6 voicing their opinion with signs, but we also have a
7 right to conduct a public meeting, and we will
8 continue to do so. There will be, as I said earlier
9 in my comments, ample opportunity for the public to
10 voice their support or displeasure with any of these
11 projects that we've licensed. We're having public
12 hearings in each facility that's getting a Table Games
13 License in the next 60 days or so. Folks will have an
14 opportunity then to voice their opinion. But today
15 we're going to have order in here. And if we're not,
16 you will be escorted out and you will be arrested.
17 Mr. Wynn, please proceed.

18 MR. WYNN:

19 Mr. Chairman, as I mentioned earlier, I'd
20 like to comply ---.

21 CHAIRMAN FAJT:

22 Sir, please sit down.

23 AUDIENCE MEMBER:

24 I live in Philadelphia.

25 CHAIRMAN FAJT:

1 Sir, this meeting --- this will not be
2 tolerated and you will be escorted out and you will be
3 arrested. Could he please be escorted out? Anybody
4 else want to stand up? Let's get this over with as
5 quickly as possible, if you want to stand up and voice
6 your opinion, get thrown out and get arrested?

7 AUDIENCE MEMBER:

8 That's not what's happening here.

9 CHAIRMAN FAJT:

10 There will be, and you'll be next. So
11 let's take him out. That's three I see. Could we
12 please have these folks escorted out? Folks, we're
13 going to have an orderly meeting here. It's going to
14 take a while. We've got nothing to do today. We're
15 going to stay here all day, but we will not tolerate
16 this kind of abuse of process.

17 AUDIENCE MEMBER:

18 Excuse me. Abuse of process?

19 CHAIRMAN FAJT:

20 Abuse of process. You have a right to
21 stand here, you have a right to hold your signs, but
22 you will not be tolerated in interrupting this
23 meeting.

24 AUDIENCE MEMBER:

25 The people have never been given a voice

1 in this decision. You know what, it's not the role of
2 government to force addiction on its people.

3 CHAIRMAN FAJT:

4 Ma'am, you can talk all you want, and
5 we're going to continue this meeting after you're
6 removed. And we thank you for being here today, but
7 you will be removed. Thank you.

8 AUDIENCE MEMBER:

9 I'm from Philadelphia.

10 CHAIRMAN FAJT:

11 Officer, could you please remove this
12 individual also? Thank you. Thank you. Thank you
13 for removing her. Thank you, Officer, for removing
14 her. We appreciate that. Thank you very much.
15 Anybody else? Anybody else? Anybody else who wants
16 to stand up and be removed? Anyone else?

17 MR. WYNN:

18 She does that all the time.

19 CHAIRMAN FAJT:

20 Another one. Sir. Sir, please sit down.
21 Officer, could you please remove that individual also?
22 As I said earlier, folks, I'll say it for the third
23 time, the public will be given an opportunity to
24 address this Board in a public setting. That is not
25 the purpose of today's hearing, and these outbursts

1 will not be tolerated.

2 MR. WYNN:

3 We join Philadelphia Entertainment as a
4 source of financing and management to augment and
5 strengthen the program that was licensed by this Board
6 in the past. In keeping with that role, as part of
7 that organization, sir, ---.

8 AUDIENCE MEMBER:

9 Gaming Board, Mr. Wynn ---.

10 CHAIRMAN FAJT:

11 Officer, would you please remove this
12 woman? Thank you for your patience.

13 AUDIENCE MEMBER:

14 This license was given in December '06.
15 It is now March of 2010, and now you have a brand new
16 principal. If I had a business plan like that, you'd
17 throw me out. We are proud of our city. We will not
18 let you frighten us with a poor business.

19 CHAIRMAN FAJT:

20 Thank you, Officer, for removing this
21 individual.

22 AUDIENCE MEMBER:

23 --- and the poor and the weak who can't
24 afford it. This is a recession. You're unaware of
25 that. Casinos are operating right now. They are

1 losing their money. Mr. Wynn, go back ---.

2 CHAIRMAN FAJT:

3 Ma'am, ma'am. Please, officer, remove
4 her from the building. Please proceed.

5 MR. WYNN:

6 Okay. The question before the Board, it
7 would seem to me today, if I understand correctly, and
8 I'm delighted to be here and respectfully would make
9 these remarks, the ability of this project to be
10 completed has been a serious concern to this Board. A
11 number of events have intervened that are beyond ---.

12 AUDIENCE MEMBER:

13 Not ---.

14 CHAIRMAN FAJT:

15 Ma'am.

16 AUDIENCE MEMBER:

17 They prey upon people, and I do not want
18 people in my neighborhood, people who are friends of
19 mine, to be preyed upon by this predatory industry.

20 CHAIRMAN FAJT:

21 We've got all day, folks.

22 MR. WYNN:

23 A number of intervening events with the
24 national economy have made it difficult for
25 Philadelphia Entertainment to complete the project in

1 what the Board has determined to be a timely fashion,
2 and those fines that have been imposed are the results
3 of that failure to comply. We are here today to say
4 that by joining with these people and bringing our
5 balance sheet to bear, we believe that we can end this
6 delay and bring this project which has been licensed
7 by the legislature of this State to fruition
8 straightforwardly and as rapidly as permitted by the
9 law, meaning the licensing of the --- all the
10 participants, which now would include ourselves, by
11 this --- by the Gaming Control Board, and of course,
12 the granting of the Building Permit by the City of
13 Philadelphia, the entitlements that go along with
14 construction.

15 With me here today I am happy to say is
16 Mr. Dan Keating, the chairman and president of this
17 construction company, a highly-respected, longstanding
18 member of the business community and a leader of the
19 construction trades in Philadelphia. Mr. Keating will
20 be our builder. We have begun and engaged in rapid,
21 fast-track design conclusion of the Philadelphia
22 Entertainment project so that it will come into
23 existence as rapidly as possible under the law and
24 will be physically a credit to the city.

25 If there's anything appropriate today in

1 terms --- this is not the time, as you pointed out,
2 Mr. Chairman, for show-and-tell and design review, but
3 I think it is appropriate to say that, in connection
4 with our participation in this project, we would
5 assure the Board that the standards of aesthetics and
6 management will be executed at the highest level known
7 in our industry. Our company and its predecessor
8 company, Mirage, has distinguished itself for over 40
9 years as the leading company in design and execution
10 of such projects. But more importantly, I would point
11 this out to the Board, just about anybody can build a
12 building that contains restaurants, gaming and other
13 recreational facilities, such as we will build. But
14 all of those things together amount to ten percent of
15 the franchise or the business viability of the entity.
16 What does determine the future of such enterprises?
17 And that means specifically their ability to pay
18 taxes, to be constructive members of the community.
19 Ninety (90) percent of that issue revolves around one
20 single factor, human resource management. It is
21 people that make people feel good. It is people that
22 make people happy and return to any establishment in
23 the hospitality industry, whether it be a hotel or a
24 restaurant. What I am most proud of about our company
25 and what we will seek to bring to our project in

1 Philadelphia is an incredible sense of familial
2 connection between the employees and the enterprise,
3 and that is the thing that has been responsible for
4 the success of my company, in Atlantic City, in
5 Mississippi, in Las Vegas and in Macau, where we are
6 happy to say we own the leading places in each of
7 those establishments.

8 I'm very familiar with Atlantic City and
9 the South Jersey and Philadelphia market because we
10 did operate the most successful hotel, although the
11 smallest, in Atlantic City from 1979 to 1986, when we
12 sold it and returned to Nevada.

13 AUDIENCE MEMBER INTERRUPTS

14 MR. WYNN:

15 We have the leading hotel in China. And
16 all of this is because of human resources, our ability
17 to integrate with the community and with our
18 employees.

19 AUDIENCE MEMBER INTERRUPTS

20 CHAIRMAN FAJT:

21 Ma'am, please sit down. Officer, could
22 you please remove her?

23 AUDIENCE MEMBER INTERRUPTS

24 CHAIRMAN FAJT:

25 Ma'am, you're going to be escorted out

1 and you will be arrested. Thank you, Officer.
2 Folks --- ma'am, please remove yourself from the
3 meeting room. Thank you. Please proceed.

4 MR. WYNN:

5 The issue of Philadelphia Entertainment's
6 delays hopefully will come to an end if the Board sees
7 fit to allow this augmentation of their financial
8 capacity in the form of our joining to go forward. We
9 will be prepared, pursuant to the law, to seek
10 qualification and suitability by this Board within a
11 week. We will submit applications for the leading
12 officers and directors, including myself, which
13 therefore will cement our obligation to fund and
14 proceed.

15 We have --- or we shall almost
16 immediately submit our financial capital structure,
17 which allows us to do this without the aid of any
18 outside financial institution. We're capable of
19 writing the check to build this ourselves, today,
20 without asking anybody's permission or getting any
21 help from anyone else. That doesn't mean that that's
22 the best way of doing it, and we'll try and follow
23 normal business practices, as we have in the past. We
24 have wonderful relationships with our banks. And in
25 terms of our relationship to construction trades, in

1 the 42 years that I have built almost 10 or 11 billion
2 dollars' worth of buildings, we've never had a
3 grievance with our unions in construction or with our
4 unions that represent our employees, not one single
5 one, nor have we ever laid off anybody in my
6 businesses in 42 years, regardless of economic
7 vicissitudes. All this I point out for one reason
8 only, it's people that make these businesses survive
9 and thrive. And we take care of our employees because
10 we are absolutely concerned that if we did not we
11 would fail. That's who we are. That's the essence of
12 our company.

13 Our balance sheet and our capital
14 structure is a reflection of the concern that myself
15 and my board of directors have, that without such a
16 capital structure, we bounce our employees, our
17 workforce and our service levels around, depending on
18 the Dow Jones average or the GDP's growth. We have to
19 have the strength to operate independently and to
20 maintain our standards, regardless of whether business
21 cycles go up or go down because, most certainly,
22 business cycles always go up and go down. It is this
23 drop in the business cycle that has hampered
24 Philadelphia Entertainment's ability to comply with
25 the Board's Orders in the past. And hopefully our

1 presence in the deal will make that something that
2 does not happen again. I think --- I'll be glad to
3 take questions, of course, but I think that those
4 remarks put us in the proper narrow confines of
5 today's hearing. Mr. Chairman, if you have anything
6 else or any members of the Board want to discuss with
7 myself or Mr. Maddox. I did spend four years in
8 Philadelphia as a student at the University of
9 Pennsylvania and an additional ten years as a trustee
10 of that university. I might also point out that the
11 chairman of my audit committee is Al Shoemaker, the
12 former Chairman of First Boston Corporation, who spent
13 eight years as the Chairman of the Board of Trustees
14 of the University of Pennsylvania. So our roots ---
15 our current roots on the Board of Directors in the
16 person of myself and others are fairly deep. And in
17 spite of the ladies who object to gaming, I feel like
18 I'm coming home in Philadelphia.

19 CHAIRMAN FAJT:

20 Thank you. Mr. Jacoby, other witnesses
21 or comments from you?

22 ATTORNEY JACOBY:

23 Yes. I'd like to conclude my comments,
24 and then Mr. Wynn and I would be glad to take any
25 questions the Board has, obviously, and questions from

1 BIE. Mr. Chairman, thank you.

2 CHAIRMAN FAJT:

3 We'll next move to BIE after you're
4 finished, Mr. Jacoby.

5 ATTORNEY JACOBY:

6 Thank you, Mr. Chairman. In its February
7 10th, 2010 adjudication the Board expressed its
8 concern regarding what are perceived to be --- was the
9 lack of progress by PEDP and moving forward, even
10 though we had presented testimony about our efforts in
11 dealing with the unknown investor at that time. And
12 part of your concern was that, due to the confidential
13 nature of our negotiations, at that time we were
14 unable to provide you with any details so that you
15 could develop a sense of trust in knowing as to what
16 it is we're really doing as opposed to us asking you
17 to trust us and that we would be back to you.

18 In your adjudication, and very
19 importantly, you concluded that the monetary sanction
20 imposed was necessary, and I quote, to impart upon
21 Foxwoods the importance that Foxwoods progress with
22 this project so the citizens of Pennsylvania can
23 realize the benefits it will bring. Then it went on
24 to state, quote, and to offer any serious investor to
25 the project incentive to bring some closure to the

1 negotiations, quote.

2 Foxwoods fully understood and appreciated
3 the importance of the need to make progress and to
4 obtain closure with Mr. Wynn with respect to the term
5 sheet. However, at the time we were not in a position
6 to give any more assurance to the Board on January
7 27th until February, when we consummated the term
8 sheet. Regretfully, the Board saw fit to impose a
9 monetary sanction, which we paid yesterday. And we're
10 hoping today, based upon the testimony we're
11 presenting and the dramatic improvement in progress,
12 that we hope that you appreciate and that BIE has
13 identified that you will discontinue any further
14 sanctions and not consider further sanctions with
15 respect to revocation or whatever.

16 Since the adjudication, the situation has
17 changed dramatically, and this was specifically
18 contemplated and presented to you at the time of our
19 hearing. We think that our substantial progress and
20 plan towards completing our project is now very clear.
21 As the Board is aware, we entered into the term sheet,
22 which of the transactions contemplated thereunder are
23 completed. The Wynn organization will own 51 percent
24 of PEDP and will manage PEDP. Pursuant to the term
25 sheet, Wynn will also become responsible for the

1 design, development and operation of the facility, as
2 permitted by current licensing restrictions. In
3 addition, the recent changes in the Gaming Act means
4 that if the Board approves a further extension of the
5 time to make slot machines operational, for which as
6 we have indicated previously to this Board as well as
7 to BIE we had intention to submit that application,
8 the type of deadlines that drove the timelines in the
9 Conditions Order of September 1 would no longer apply.
10 Under these unique circumstances, we respectfully
11 submit that the sanctions imposed on February 10th be
12 terminated and no further sanctions be imposed.

13 As we discussed with BIE in our recent
14 meeting, in our separate submission to BIE, it is our
15 intention to move the Board for a revision of the
16 milestones and timeline set forth in the September 1st
17 Order, following further discussions with BIE and the
18 receipt of their input and direction as to the
19 proposed changes we identified in our submission and
20 which I'll outline shortly to you. We believe that
21 there were three primary objectives underlying
22 Conditions Four, Five and Six. Four, as I indicated
23 previously, was the financing documents, Five was the
24 design and Six was the timeline. The first was
25 building a high-quality slot machine facility and

1 having it operational in the limited time available
2 under the Gaming Act. And secondly, in light of the
3 severe economic downturn that gripped the country,
4 assuring that PEDP had the means, both financially and
5 otherwise, to build a slot machine facility on time.

6 AUDIENCE MEMBER INTERRUPTS

7 CHAIRMAN FAJT:

8 Please remove that individual.

9 AUDIENCE MEMBER INTERRUPTS

10 CHAIRMAN FAJT:

11 Please remove that individual. Thank
12 you, sir. Appreciate your input. We'll have a public
13 hearing in Philadelphia. You're more than welcome to
14 address the Board at that time. Please proceed, Mr.
15 Jacoby.

16 ATTORNEY JACOBY:

17 Thank you, Mr. Chairman. We respectfully
18 submit that if and when the Board approves the
19 proposed transactions with Wynn, all these objectives
20 are clearly attainable. Mr. Wynn has provided you
21 with information not just regarding his prior gaming
22 ventures but also as to his proposed concept for the
23 site, which we'll go into in more detail at the time
24 we submit various applications to BIE and the Board
25 for approval. Most importantly, Mr. Wynn has

1 indicated his high level of confidence that if the
2 Board grants the further extension now explicitly
3 authorized under the Gaming Act, this facility will be
4 constructed and operational within the allotted time.

5 Second, as addressed by Mr. Wynn, his
6 organization has the resources to carry out this
7 vision and a proven track record of success in
8 constructing and operating similar facilities. Most
9 importantly, as Mr. Wynn indicated, Wynn has completed
10 every project as commenced and always had full
11 financing in place prior to construction.

12 In support of our request, we wish to
13 note that, among other things, the proposed
14 transaction implicates a number of regulatory
15 provisions that will need to be addressed in addition
16 to timelines for the design, construction and
17 financing of the project. Now, I think it's clear to
18 the Board and clear to BIE and clear to those in
19 attendance, and certainly Mr. Wynn made that point,
20 there will be sufficient time for public hearings and
21 public input hearings where required to have the
22 public listen to and, where appropriate, give input
23 with respect to the various applications we intend to
24 file. It's not our intention to deprive the public of
25 transparency or to comply with the rules. However, at

1 the present time we contemplate submitting an approval
2 for change of control and ownership of the license.
3 We will submit applications, as Mr. Wynn indicated, to
4 the licensing of principals and Key Employees. We
5 intend to ---.

6 AUDIENCE MEMBER INTERRUPTS

7 CHAIRMAN FAJT:

8 Ma'am, please stop disrupting this
9 meeting. Officers, could you please escort her out?

10 AUDIENCE MEMBER INTERRUPTS

11 CHAIRMAN FAJT:

12 As I said earlier, ma'am, I'll say it
13 again, you'll have a chance in Philadelphia, when we
14 have a hearing down there, to voice your concerns at
15 that time. Go ahead, Mr. Jacoby.

16 ATTORNEY JACOBY:

17 Thank you, Mr. Chairman. We intend to
18 submit an application for authorization to conduct
19 table games, as provided by the Gaming Act, as
20 amended. We intend to submit an application for a
21 further extension of time to make slot machines
22 available. We have provided for the approval and we
23 intend to make an application for any changes of
24 structural redesign of the facility. Again, this is
25 subject to a public hearing and I think a public input

1 hearing, as I recall, under the amended Act. We
2 intend to submit development or design documentation,
3 as contemplated by Condition Five ---. Just a few
4 more of these deliverables, but all these deliverables
5 were presented to BIE in our submission on the 2nd,
6 including projected timelines for them. So we didn't
7 come in there just with a lot of empty promises, and I
8 know that's a vital concern of this Board of BIE. We
9 gave them projected deliverable dates so that they
10 could basically make sure that we tow our mark and
11 meet our objectives as opposed to, at least in the
12 Board's mind, continue to make a lot of assurances
13 about tomorrow, where we never deliver. That is
14 certainly not the mandate that we have from Mr. Wynn
15 or his organization. We also intend to submit final
16 design documentation, development of timeline, as
17 required by Condition Six. We intend to, at this
18 time, complete the construction, subject to an
19 approved extension of time, no later than December of
20 2012. We have begun to submit financing documents to
21 BIE. We anticipate finalizing definitive documents by
22 the end of March at the present time.

23 Representatives of PEDP and Wynn have met
24 and otherwise conferred with the Bureau of Licensing
25 about these deliverables in an effort to reestablish a

1 set of timelines consistent with the future plans for
2 the development of this site. It is our hope and
3 expectation that in working with BIE we come up with a
4 revised set of conditions and timelines and we then
5 move this Board for an amendment to September 1st with
6 respect to the conditions and those timelines.
7 Senator Farnese and Representative O'Brien, in their
8 communications to the Board, raised concerns as to the
9 development of the project and regarding various
10 issues such as traffic input, permitting, government
11 approvals and others. To the extent that Mr. Wynn has
12 not already addressed these matters, they'll be dealt
13 with as part of the approval and public hearing
14 progress to be engaged in regarding the various
15 applications that Wynn proposes to submit, as outlined
16 above, as well as in direct dealings with these
17 governmental entities. It's my understanding that
18 some of the matters I've just spoken to Mr. Wynn
19 wishes to supplement what I've just said. Mr. Wynn?

20 MR. WYNN:

21 The legislature of Pennsylvania in its
22 wisdom decided to change the law in January
23 significantly and rather profoundly by allowing the
24 legalization of table games. The legislature
25 completed or deepened the competitive posture of

1 gaming in the State of Pennsylvania, considering the
2 rapid expansion of gaming in the eastern United
3 States, soon in Massachusetts, Rhode Island and New
4 York. It was a very wise and timely decision for two
5 reasons. Pennsylvania has decided that, for the sake
6 of employment and for the sake of tax revenues, that
7 this was a good idea. This matter was adjudicated and
8 legislated long ago, and that's why there are slot
9 places here. Then they added the table games, and by
10 doing so a very significant change has been made, not
11 just in what the floor or the facilities will look
12 like, but in a really deep sense it was a wise and
13 timely decision because in this environment in the
14 United States of America it strengthened the security
15 of employment of the base of people who are in this
16 industry and would be employed by these casinos in
17 Pennsylvania. And more importantly, it strengthened
18 and underlined and reinforced the security and the
19 certainty of healthy tax payments being made to the
20 State of Pennsylvania. The fact that this was done
21 just a few weeks ago has raised the issue of
22 timeliness. But I think that it's --- and in the case
23 of Philadelphia Entertainment, they should have
24 started long ago, and they were late in doing so. But
25 in one sense it's very good because it gives

1 Philadelphia Entertainment the opportunity on their
2 site on the Delaware River ---

3 AUDIENCE MEMBER:

4 Mr. Wynn, ---.

5 MR. WYNN:

6 --- to build a place that's much more
7 effective.

8 CHAIRMAN FAJT:

9 Ma'am. Excuse me, Mr. Wynn. Ma'am,
10 please stop.

11 AUDIENCE MEMBER:

12 And I'm not.

13 CHAIRMAN FAJT:

14 Officer, would you please escort her from
15 the meeting.

16 AUDIENCE MEMBER:

17 You're exploiting the working force.

18 CHAIRMAN FAJT:

19 Thank you, Officer.

20 MR. WYNN:

21 So in a sense, although the project was
22 delayed and the fines were imposed, in a sense,
23 because of the rather radical change in the law a few
24 weeks ago, it gives the Philadelphia Entertainment
25 people a chance to build a much more effective and

1 appropriate place, as contemplated by the legislature,
2 relevant to the changes they made in January. And I
3 would suggest that the Board take that matter into
4 consideration in its thoughts and deliberations about
5 Philadelphia Entertainment. There will be a better
6 facility that employs more people, and we'll have a
7 much stronger ability to pay the taxes, very hefty
8 taxes imposed by the State of Pennsylvania on such
9 enterprises.

10 ATTORNEY JACOBY:

11 Thank you, Mr. Wynn. Apropos that, among
12 other things, representatives of the Wynn organization
13 have met with some of local politicians, including
14 Senator Farnese and Mayor Nutter, as they begin to try
15 to convey to them their commitment to the project and
16 get the input they need in working forward with the
17 community and with the various politicians. I believe
18 that it is clear that substantial progress has been
19 made. I believe that Mr. Wynn has made clear the
20 commitment of the Wynn organization to this project in
21 a manner never conveyed or communicated to you folks
22 previously on behalf of PEDP and for which we
23 apologize. The Board clearly has our attention. I
24 know the Board is concerned about lingering. Having
25 met Mr. Wynn and knowing what you know about his

1 organization, I don't believe that that should be or
2 can be a concern. I realize that the Board is hearing
3 all this for the first time and appreciate that the
4 Board wants to make sure not only that we say the
5 right things but do the right things, which is why we
6 made the submission we made to BIE on Tuesday with
7 respect to our deliverables. We again ask that the
8 Board terminate the current monetary sanction
9 effective as of today. We again ask that the Board
10 not continue that sanction. We again ask that the
11 Board, at this time, not consider the imposition of
12 any further sanctions on PEDP. I believe we have
13 provided the foundation and the framework for you to
14 judge our performance and by which --- and we're more
15 than willing to have whatever periodic meetings are
16 necessary with either the staff or whomever at BIE.
17 And if the Board should determine in the future that,
18 notwithstanding our very, very strong commitment,
19 notwithstanding the commitment that Mr. Wynn brings,
20 not just in this organization but for financing the
21 project and getting this done, that at that time if
22 the Board believes that there is an issue, they can
23 then reconsider the imposition of sanctions or
24 whatever else they think is appropriate. I think at
25 this time we appreciate your listening to us, in spite

1 of the distraction, and Mr. Wynn and I and Mr. Maddox
2 are available to answer any questions you might have
3 or BIE has. Thank you.

4 CHAIRMAN FAJT:

5 Thank you, Mr. Jacoby. Could I now have
6 the OEC question the witnesses?

7 ATTORNEY MILLER:

8 Thank you, Mr. Chairman and members of
9 the Board. And Mr. Chairman, I'll address my
10 questions --- we will address our questions to the
11 Foxwoods team, and Counsel can best determine who
12 should respond to those questions, if you don't mind.

13 The term sheet that you referred to is an
14 agreement between Philadelphia Entertainment and Wynn
15 Resorts, Limited; is that correct?

16 MR. WYNN:

17 Yes.

18 ATTORNEY MILLER:

19 And it's a nonbinding term sheet; is that
20 not correct?

21 ATTORNEY JACOBY:

22 Yes, it is.

23 ATTORNEY MILLER:

24 Final documents in relation to that term
25 sheet have not been signed; is that correct?

1 ATTORNEY JACOBY:

2 Definitive documents have not been
3 signed. In the schedule we presented to you on
4 Tuesday we indicated it's our intention to have
5 definitive documents completed no later than March
6 31st, 2010.

7 ATTORNEY MILLER:

8 But as of today they have not been
9 signed; correct?

10 ATTORNEY JACOBY:

11 No. They're in the process of being
12 developed. We've already provided you with some very
13 core documents with respect to the financing, which is
14 an integral part of that eventual transaction.

15 ATTORNEY MILLER:

16 And until those final documents are
17 signed, either side could back out of this agreement;
18 is that also correct?

19 ATTORNEY JACOBY:

20 I think either side has certain options.
21 On the term sheet I think you've got to look at the
22 amount of time and expense everybody has gone to in an
23 effort to get that term sheet negotiated and signed.
24 That's always a possibility. However, certainly, ---
25 and I'll let Mr. Wynn speak to that as well, I think

1 it's appropriate, sir, that there's no intention,
2 expectation or realization that that's going to
3 happen. Mr. Wynn?

4 MR. WYNN:

5 We've been in this negotiation for four
6 and a half, for almost five months. There's been an
7 enormous amount of time and expense in order to get to
8 where we are today. Yes, it is true that it is not
9 yet a binding agreement, nor will it be until we're
10 licensed by this Board. But we have never been
11 engaged in a process in which we've come this far and
12 not continued. It would be a waste of our time and
13 disrespectful to the Board that we're sitting before
14 to engage in such frivolity. So although your
15 questions are direct, I think they connote a sense
16 of --- that is not part of our mentality or our
17 intentions at the moment.

18 AUDIENCE MEMBER:

19 Aqueduct (phonetic).

20 ATTORNEY JACOBY:

21 And Mr. Miller, if I could supplement ---
22 and I'm sorry, Mr. Chairman, again, in the submission
23 we made to you we indicated that we intend to have our
24 application for change of control and ownership
25 submitted to you as well by the end of March, which as

1 Mr. Wynn indicated, is a pre-condition to consummating
2 the transaction anyway.

3 ATTORNEY MILLER:

4 Well, in fact, the agreement that you
5 signed does, in fact, require a change of ownership in
6 PEDP; is that not true?

7 ATTORNEY JACOBY:

8 It requires a change of control in PEDP
9 such that, after the approval, the Wynn organization
10 will own 51 percent of the equity, and the current
11 partners will own the remaining 49 percent.

12 ATTORNEY MILLER:

13 And have you given the Gaming Board
14 notice of this change of control? If not, when can we
15 expect to see that notice?

16 ATTORNEY JACOBY:

17 We intend --- I had spoken with staff
18 about this, and we intend to file the notification
19 form by the end of the week. But when we met with BIE
20 and we talked with other staff members, again, we
21 indicated to them we intend to file an application for
22 change of control within a very short time period so
23 we know later than the end of this month, if not
24 earlier.

25 ATTORNEY MILLER:

1 And how soon after you file that Notice
2 of Change of Control will those persons who will be in
3 control file applications with the Gaming Control
4 Board for licensure?

5 ATTORNEY JACOBY:

6 Applications for licensing?

7 MR. WYNN:

8 Simultaneously.

9 ATTORNEY MILLER:

10 At the same time?

11 MR. WYNN:

12 Correct.

13 ATTORNEY MILLER:

14 Now, is it your intent to build a casino,
15 a facility, substantially similar to the one approved
16 by the Board at the original approval hearing back on
17 December 20th, 2006, or is it your intent to build
18 some sort of interim or temporary facility, which is
19 what Foxwoods has been talking about at previous
20 hearings?

21 MR. WYNN:

22 We don't do temporaries.

23 ATTORNEY MILLER:

24 Well, I note that one of the conditions
25 in the agreement that you signed, that Foxwoods and

1 Wynn Resorts signed, there's a requirement, there's a
2 condition that an extension of the May 2011 deadline
3 for construction of an interim/temporary casino for an
4 additional 18 months is a condition of this agreement.
5 Now, is that because you already have an extension for
6 an interim casino or is that because you intend to
7 build an interim casino, or is that simply a
8 misstatement of fact and you intend to build a
9 permanent facility? Would you please address that
10 issue?

11 MR. WYNN:

12 I think you're talking to the wrong
13 person. I don't understand a word you've just said.
14 You better talk to the lawyer. You may understand it,
15 but you got the wrong guy.

16 ATTORNEY MILLER:

17 Mr. Jacoby is looking on me and nodding
18 his head.

19 ATTORNEY JACOBY:

20 I'll respond. Thank you, Mr. Miller.
21 Many of the conditions that are in that term sheet
22 were negotiated, as Mr. Wynn said, over an extended
23 period of time, and to some extent they were
24 cumulative and they were alternative. If you read the
25 term sheet, it also says that any of those conditions

1 could be waived. I think at the present time the
2 intention, as we expressed to BIE in our submission,
3 as well as when we met with you, is that it's our
4 intention to promptly file an application for an
5 extension of time under the Act, and we envision ---
6 you know, subject to the Board approval, we envision
7 that, as a result of that, that the project will have
8 a new timeline, which would extend through --- into
9 December of 2012, based upon the information we
10 provided to you and will continue to provide to you.

11 ATTORNEY MILLER:

12 And is it correct that you would need a
13 further extension because you are building a permanent
14 facility, which necessarily takes more time? Is that
15 a true statement?

16 ATTORNEY JACOBY:

17 I believe that the facility that we are
18 proposing to build is substantially greater than the
19 interim or temporary facility we talked with you about
20 in the fall. Mr. Wynn, as he indicated, does not
21 build temporary or interim facilities, which is part
22 of the reason why we had to constantly come back to
23 the Board and say, we need additional time because of
24 our negotiations with Wynn, since Wynn was
25 communicating to us as to what his intentions were as

1 opposed to what our capabilities were without Mr. Wynn
2 being involved.

3 MR. WYNN:

4 Translated, the law has been changed.
5 The facility is changing because of the change in the
6 law. It will be done by the deadline that was
7 reflected in new legislation.

8 ATTORNEY MILLER:

9 Mr. Jacoby has indicated that he wishes
10 the Board to stop the sanctions and to revise, I
11 believe, dates of condition that have been imposed
12 against Foxwoods to provide documents and plans and
13 that sort of thing. Is that what you're asking this
14 Board to do?

15 ATTORNEY JACOBY:

16 Actually, what I'm asking the Board to do
17 is one thing at this time, and I think the Chairman
18 indicated that. I'm asking the Board to terminate the
19 current imposition of monetary sanctions of \$2,000 a
20 day, effective today, and I'm asking the Board not to
21 impose further sanctions. I believe in my testimony
22 and my request what I said was that we had submitted
23 to you on the 2nd a list of deliverables with dates.
24 We hope to have and continue our dialogue we've had
25 with you on those dates, with the idea that we then

1 submit a motion to this Board to amend the September
2 1st Order to establish new deadlines and deliverables.

3 ATTORNEY MILLER:

4 And therefore, you would not object to
5 the Board keeping the September 1st Order in effect,
6 requiring you to provide us with all the information
7 in those conditions? You would simply ask the Board
8 to modify some of those conditions to reflect dates
9 that more accurately reflect the agreement that you
10 and Mr. Wynn have signed?

11 ATTORNEY JACOBY:

12 I'm not sure I understand what you just
13 said.

14 ATTORNEY MILLER:

15 You want the September 1st Order to
16 remain in effect. You do not object to that; correct?

17 ATTORNEY JACOBY:

18 I would not want the September 1st Order
19 to remain in effect without the expectation that we
20 would work BIE and then file the appropriate motion
21 with the Board, as we discussed, to amend the Order to
22 provide for the various deliverables we identified to
23 you with a timeline. So I guess the answer is yes,
24 subject to my qualification.

25 ATTORNEY MILLER:

1 What assurance can we have from Foxwoods
2 and from Wynn Resorts that you'll comply with all
3 these conditions that you're going to ask the Board to
4 set and cooperate with us? Up until now, you haven't
5 done that.

6 ATTORNEY JACOBY:

7 Well, actually, we have --- it's not for
8 lack of an effort, Mr. Miller. I think we've complied
9 with the updates. We complied with the October 16th
10 requirement. I think we've complied, if not
11 substantially complied with Condition Four. We
12 explained back in November why Condition Five and six
13 were a hardship. I think Mr. Wynn has expressed to
14 you what he intends to do going forward, which would
15 address conditions Five and Six. The Wynn
16 organization has hired the Keating Building
17 Corporation organization to put together those design
18 plans in that timeline that's required and to put some
19 meat on that bone. So I believe then, given the
20 commitment you've heard today from Mr. Wynn and his
21 organization and given the contemplation of the term
22 sheet, that I think the Board should be satisfied that
23 we're prepared to do that and can monitor us as they
24 think is appropriate.

25 ATTORNEY MILLER:

1 If Foxwoods wants to keep their license
2 and has signed this agreement with Mr. Wynn, could you
3 please tell the Board what effect this might have,
4 this agreement, on any of the charitable trusts and
5 charitable interests that were initially part, and a
6 big part, of the Foxwoods license?

7 ATTORNEY JACOBY:

8 Condition 57 clearly had two aspects to
9 it, Mr. Miller. Number one, it provided for the
10 commitment of the charitable trusts that constitute
11 WPCC to direct all their proceeds to charitable
12 causes. And there are already two charitable trusts
13 in place, and one is to be formed on behalf of Mr.
14 Snyder. As I indicated to you, as a result of this
15 transaction, the existing owners will own 49 percent
16 of the entity, which would result in the charitable
17 trust owning 21 percent of the entity. And I think if
18 you read paragraph 57 of the Statement of Conditions,
19 it's contemplated that there may be a need for
20 dilution. There may be a need for the Mr. Wynns of
21 the world to come in and provide funding and
22 financing. And we believe that this is something that
23 was contemplated by the Board when they issued the
24 statement of conditions. And to the extent the Board
25 wants us to submit some kind of an application or a

1 modification of paragraph 57 to implement that, we'll
2 be glad to do so.

3 ATTORNEY MILLER:

4 Now, assuming that this agreement goes
5 forward and final documents are signed, what is Mr.
6 Wynn's intention with regard to the neighborhood
7 surrounding this proposed casino, with regard to the
8 neighborhood groups that are involved in that area?
9 What type of agreements has Mr. Wynn contemplated
10 attempting to make with those neighborhood groups?

11 MR. WYNN:

12 I think that's a question for me.

13 ATTORNEY MILLER:

14 Foxwoods has committed to making those
15 agreements, and that's why I'm asking.

16 MR. WYNN:

17 Yeah. So as I understand it, the folks
18 down at the street at the adjacent casino, SugarHouse,
19 have reached an agreement with these community
20 organizations to fund a nonprofit organization and put
21 a certain amount of money in each year that would be
22 --- that the Board of the nonprofit would distribute
23 to community charities. We believe that the
24 SugarHouse plan is an intelligent and appropriate
25 response, and we would duplicate that.

1 ATTORNEY MILLER:

2 So you would match, if not exceed, any of
3 the amounts of money given by SugarHouse?

4 MR. WYNN:

5 No. I said I would match it, sir. I did
6 not say I would exceed it. And I don't want to
7 misrepresent anything on this record. And the
8 nonprofits that were part of the original granting of
9 this license said that the money --- the percentage of
10 ownership, whatever that was, that the monies would go
11 to charity. Nothing has changed in that sense.
12 Whatever monies would be received, any funds by those
13 three entities would be to those charities, whether
14 they're less or more, only time will be able to tell
15 in the viability of the enterprise and the decisions
16 of the trustees of those nonprofits, but that remains
17 the same. The percentages of ownership don't remain
18 the same because the economy has changed. But the
19 fact that nonprofits will receive a percentage of
20 revenues or purchases or sales of that asset remains
21 the same.

22 ATTORNEY PITRE:

23 I have one question for Mr. Jacoby. As
24 of today, the Licensees, as they exist today within
25 PEDP, what, if anything, would be developed? I mean,

1 excluding --- let's say, what's your plan B? Let's
2 say things don't work out with Mr. Wynn or if this
3 Board just wants to deal with the Licensees that they
4 licensed, what is the plan for developing a facility
5 by May 29th, 2011 as imposed in the Board's Order from
6 the previous time, when you requested an extension?

7 ATTORNEY JACOBY:

8 I believe that under the circumstances,
9 there's no capability at this time and no plans in
10 place to be able to do that. The Wynn proposal is
11 fundamental to our license. It's consistent --- it's
12 not inconsistent with what's happened with other
13 casinos in the State, whether it's PITG or others.
14 And those are our contingency plans, to work with Wynn
15 and get this done. That's why we spent so much time
16 negotiating a term sheet with Wynn.

17 ATTORNEY PITRE:

18 Okay. Well, my follow-up question to
19 that then, should this Board not choose to go with a
20 change of control, should Mr. Wynn choose not to move
21 forward, is it safe to say that you would just turn in
22 the license to us?

23 ATTORNEY JACOBY:

24 I'm not in a position to respond to that
25 question at this time. No decision has been made, and

1 I can't speak on behalf of the partners of PEDP as to
2 what their decision and action would be in that event.

3 ATTORNEY PITRE:

4 Based on the construction timeline that
5 we'd set forward back in September of 2009, and it's
6 just my humble opinion, but the only thing that could
7 be put up by May 29th, 2011 is a temporary facility.
8 And that's excluding anything having to do with Mr.
9 Wynn, but just as it exists today. Is that an
10 accurate statement with regard to what PEDP could do
11 by May 29th, 2011?

12 ATTORNEY JACOBY:

13 If the Wynn transaction failed to go
14 forward, then I believe the only option we would have
15 would be to build a temporary facility or interim
16 facility and to look to other sources of financing,
17 that's correct.

18 ATTORNEY PITRE:

19 Okay. I have no further questions.

20 CHAIRMAN FAJT:

21 Any questions from Foxwoods for
22 Enforcement Counsel? Any additional questions?

23 ATTORNEY JACOBY:

24 No.

25 CHAIRMAN FAJT:

1 Then I'll turn it over to the Board and
2 take questions from the Board. Commissioner Trujillo?

3 MR. TRUJILLO:

4 Thank you, Chairman. I have a number of
5 questions relating to the proposed transaction, and
6 I'm primarily going to direct them I think to you, Mr.
7 Jacoby. And obviously, Mr. Wynn, if it's appropriate
8 for you, whoever is appropriate, please respond. And
9 for a little bit of housekeeping, it's apparent to me,
10 I take it then that, Mr. Jacoby, you'll agree that
11 you've not complied with Conditions Five or Six; is
12 that correct?

13 ATTORNEY JACOBY:

14 We have not literally complied with
15 Conditions Five or Six as of this point in time, that's
16 correct.

17 MR. TRUJILLO:

18 Well, and in fact, as I understand your
19 testimony then, Mr. Wynn, it is not your intention to
20 comply with Conditions Five or Six; is that correct?

21 MR. WYNN:

22 Is that the May deadline?

23 MR. TRUJILLO:

24 It is the deadline --- Conditions Five
25 and Six were the ones going back to --- from the

1 September 1 Order, requiring that architectural
2 drawings and artist renderings and financing documents
3 be provided to the Board by December 1, 1999 ----
4 2009.

5 ATTORNEY JACOBY:

6 Actually, Condition Four ---.

7 MR. WYNN:

8 Has the date been passed already?

9 MR. TRUJILLO:

10 I'm sorry?

11 MR. WYNN:

12 You've just referred to a date that has
13 already passed?

14 MR. TRUJILLO:

15 Correct.

16 MR. WYNN:

17 I think the answer to that is
18 self-evident, yeah.

19 MR. TRUJILLO:

20 It is self-evident, but what I think I
21 said and what I'm doing is I want to make sure that on
22 the record we understand exactly where we are.

23 MR. WYNN:

24 You'll excuse me. I'm not always
25 familiar with these prior Orders.

1 MR. TRUJILLO:

2 I understand. Appreciate it.

3 ATTORNEY JACOBY:

4 Condition Four was financing, which and
5 the due date was March 1st and we delivered the
6 interim convertible note draft and the draft of the
7 senior subordinate debt note, as well as other
8 financial data to the Board, to BIE, at that time.

9 With respect to Five, which is design,
10 and Six, which is the timeline, we have not literally
11 complied with that. We have submitted to the BIE as
12 part of our submission proposed new dates for those
13 deliverables. And if we can reach some accommodation,
14 we would then move the Board to modify the September
15 1st Order to address those new timelines.

16 MR. TRUJILLO:

17 I also understand Mr. Wynn's testimony
18 that none of the Wynn principals that are part of the
19 group that will be the 51 percent owners --- or
20 proposed owners are currently licensed by the
21 Commonwealth of Pennsylvania; is that correct?

22 MR. WYNN:

23 None are, sir.

24 MR. TRUJILLO:

25 What I would like to understand is what

1 is the resulting ownership after the proposed
2 transaction were it to go forward because what I've
3 heard so far is that it is 51 percent the Wynn group.
4 The prior ownership was, as I recall, 42 percent to
5 the charitable trusts, and as I recall 30 percent
6 Foxwoods. So clearly, there's a little bit of
7 dilution.

8 MR. WYNN:

9 There's 50 percent dilution.

10 MR. TRUJILLO:

11 I'm sorry?

12 MR. WYNN:

13 There's a 50-percent dilution. The
14 hundred-percent group now has 49 percent.

15 MR. TRUJILLO:

16 So the dilution to the non-Wynn
17 shareholders is 50 percent?

18 MR. WYNN:

19 Yes, sir.

20 MR. TRUJILLO:

21 Just across the board, that's the easy
22 math?

23 MR. WYNN:

24 Everybody just got cut in half.

25 MR. TRUJILLO:

1 Okay.

2 MR. WYNN:

3 A little more than half because we have
4 51, they have 49.

5 MR. TRUJILLO:

6 And I believe that your earlier
7 testimony, Mr. Jacoby, is the gaming operations will
8 now then, under your proposed transaction, would be
9 controlled by Wynn; is that ---?

10 MR. WYNN:

11 Exclusively.

12 MR. TRUJILLO:

13 Exclusively?

14 MR. WYNN:

15 Totally and exclusively.

16 MR. TRUJILLO:

17 What will the Foxwoods involvement be ---
18 now I'm understanding Foxwoods ends up with 15 percent
19 ownership.

20 MR. WYNN:

21 Fourteen (14) and nine ---.

22 MR. TRUJILLO:

23 Fourteen (14) and change, but ---.

24 MR. WYNN:

25 Passive shareholder.

1 MR. TRUJILLO:

2 I'm sorry?

3 MR. WYNN:

4 Passive shareholder.

5 MR. TRUJILLO:

6 They become a passive ---?

7 MR. WYNN:

8 Minority, passive shareholder.

9 MR. TRUJILLO:

10 Okay. Is it a limited interest that they
11 have?

12 MR. WYNN:

13 Very limited. Fourteen (14) percent of
14 the proceeds of any distribution would go to them,
15 unless they choose to sell.

16 MR. TRUJILLO:

17 And they will have no involvement then in
18 the gaming operation?

19 MR. WYNN:

20 None whatsoever.

21 MR. TRUJILLO:

22 And Mr. Wynn, you understand that
23 Enforcement Counsel asked you questions relating to
24 the charitable trust component. The adjudication
25 granting the license was predicated on 42 percent of

1 Philadelphia Entertainment's profits being allocated
2 to charities and other nonprofit organizations in the
3 greater Philadelphia area. This amount is estimated
4 to be approximately \$300 million over ten years. Do
5 you have an estimate as to what the resulting
6 charitable distributions will be if this transaction
7 is completed?

8 MR. WYNN:

9 No.

10 MR. TRUJILLO:

11 Do you have, with respect to the slots
12 operations, revenue projections that have been
13 provided to Enforcement Counsel?

14 MR. WYNN:

15 I don't know what their projections were,
16 but everything has changed since the law has changed.

17 MR. TRUJILLO:

18 I understand.

19 MR. WYNN:

20 First of all, we're going to have a much
21 bigger facility. Secondly, we're going to have table
22 games. We're going to have, at least compared to
23 what's around in the State of Pennsylvania at the
24 moment, a far more complete facility. So I don't know
25 what their projections were and I think they've now

1 become irrelevant.

2 MR. TRUJILLO:

3 Do you have projections either as to
4 table games or slots revenues if your transaction ---?

5 MR. WYNN:

6 In our proposed plan?

7 MR. TRUJILLO:

8 Yes.

9 MR. WYNN:

10 Yes.

11 MR. TRUJILLO:

12 Okay.

13 MR. WYNN:

14 Now, I would like to say, sir, that I
15 have --- in my company, all of the design and
16 development is done in-house. Mirage, Bellagio, all
17 of those places from here to China have been done
18 myself and another fellow. And we've spent the last
19 week working on this plan, and we have a plan. I
20 could describe it to you today if you'd like in quite
21 simple terms. I can verbalize anything we build.
22 Now, we have put numbers together based upon
23 information that the State of Pennsylvania has
24 published with regard to Parks Casino, owned by a very
25 good friend of mine, Mr. Green and Mr. Manoukian. And

1 we believe that we can do the kind of numbers they do
2 per unit, and we intend to have about 3,000 slot
3 machines and five or six dozen table games and poker.
4 Mr. Maddox is sitting next to me and in our
5 negotiations and conversations these past five months
6 we put together financial expectations in a pro forma
7 business plan. That is subject to final tweaking now
8 that I'm here, and I spent last night at the Parx
9 Casino, as I alter exactly the amount of table games
10 that may be on the floor versus slot machines and the
11 amount of poker tables. But generally speaking, we
12 have a business plan and a relatively strong
13 expectation of exactly what we're going to do on that
14 land. No ifs, ands or buts about it, we know exactly
15 what we want to do. And Mr. Keating and I have
16 discussed how long it would take. We think it's about
17 14 months. And with some cooperation from the city
18 planners sand the granting of a Building Permit, we
19 think we'd be ready to go in six months. And take
20 another 14, that equals about 20. And that's how long
21 it would take for us to open the doors and recruit the
22 2,000 people and train them. That's what we think
23 will happen. And I can answer questions about that
24 today and so can Mr. Maddox, if you think it's
25 appropriate.

1 As far as the charitable shareholders go,
2 they have a right to put to us their shares. All of
3 those 49-percent people have a right to put to us and
4 force a sale and we have the right to call. That
5 means that the ownership and control of this place
6 could go as high as 100 percent for us or remain
7 51/49. Those are all in the documents and the Letter
8 of Agreement that we've signed. And I think that the
9 Board should understand that is the nature of the
10 transaction and the Enforcement Division as well. And
11 that's why we've submitted the letter. Those are the
12 grounds of our coming together and building this
13 facility. Again, I repeat that we don't need outside
14 financing to do this. We have the ability today with
15 our current funds to write a check for this place and
16 two others if we wanted to. And we wouldn't be here
17 unless we intend to do it, unequivocally, but we do
18 need some preconditions passed. We need to be
19 licensed by you. And I've been licensed continually
20 in several jurisdictions since two or three --- since
21 two years, after I graduated from the University of
22 Pennsylvania. I think I'm the longest-standing
23 continuous Licensee in legalized gaming in the world
24 at the moment. I think I am, since I'm 24 years old,
25 and I'm 68. I think I'm the longest suitability

1 finder. But we're here very seriously, no kidding
2 around, no stories, but we do need to have our plan
3 approved. There's a traffic problem in the past about
4 the avenue and buildup on --- what's the name of the
5 street, Columbus Avenue. So we intend to take our
6 property and build four-lane roads on our land to take
7 all the traffic off Columbus Avenue and absorb that
8 gridlock into our own property. We understand about
9 gridlock and traffic. We understand all the things it
10 takes to do this, and that's what we intend to do.
11 And all of this is reflected in that understanding
12 agreement that we've had that was long, long
13 negotiated. And I don't see that there's going to be
14 any changes in it unless they're imposed by this Board
15 or by the City of Philadelphia.

16 MR. TRUJILLO:

17 Let me --- and I have no doubt, although
18 I haven't seen any documentation, but based upon what
19 the analyst reports and the like say, I have no doubt
20 of your capacity to write the check for the 500-plus
21 million. I also have no doubt, and you can correct me
22 if I'm wrong, that that's probably not how you intend
23 to proceed in this transaction; am I correct?

24 MR. WYNN:

25 No. I think we're going to be able to

1 get financing from our banks. They've encouraged us
2 and said so. And these are very intimate
3 relationships we have with Deutsche Bank and J.P.
4 Morgan and all the rest. Matt --- the guy explained
5 it. We have a very intimate relationship with these
6 banks. They encouraged us, and I think that they're
7 willing to put a first mortgage on the property, which
8 is nice, and I think that's a good idea, and we'll
9 take up the balance with our own funds.

10 MR. TRUJILLO:

11 But I just want to be clear. You're
12 not --- the plan that you had discussed not with us
13 but have discussed with OEC and the basis of the term
14 sheet includes a substantial amount of debt equity
15 financing and other kinds of financing. It does not
16 include --- it is not a hundred percent Wynn puts in
17 all equity; is that correct?

18 MR. WYNN:

19 No, it's not.

20 MR. TRUJILLO:

21 In addition to yourself and your
22 companies or your companies controlled by you, do you
23 expect other investors to participate?

24 MR. WYNN:

25 No.

1 MR. TRUJILLO:

2 There are, as I understand the earlier
3 questions and responses by Enforcement Counsel, a
4 number of reasons why you can walk away from a
5 nonbinding --- from this nonbinding term sheet. I'm
6 fairly ---

7 MR. WYNN:

8 Yes.

9 MR. TRUJILLO:

10 --- competent that's correct; correct?

11 MR. WYNN:

12 Yes.

13 MR. TRUJILLO:

14 Can you describe to me what those
15 conditions are that would allow you to walk away?

16 MR. WYNN:

17 Matt negotiated this --- or Kim, would
18 you answer that question?

19 MR. MADDOX:

20 BIE also has the term sheet and can walk
21 you through it in detail, but clearly licensing is the
22 main condition to closing. If you notice in the term
23 sheet, we took financing out. So before we had
24 contemplated having financing as a condition to close.
25 It's no longer a condition to close. So that is not a

1 condition. It's basically licensing is the main one
2 and then the building permits and making sure that the
3 May 2011 deadline is extended to December of 2012,
4 because our program requires that amount of timeline
5 for this building to --- you know, to come to
6 fruition. So those are the main conditions. They're
7 really not in our control or PEDP's control, and we're
8 going to be submitting the applications in the
9 relatively short term.

10 MR. TRUJILLO:

11 So a fundamental principle is that we
12 must extend the deadline in order for your transaction
13 to be viable?

14 MR. MADDOX:

15 Yes.

16 MR. TRUJILLO:

17 Just a couple more questions. And this,
18 Mr. Jacoby, I direct it to you. To date, can you
19 describe what your client has done to mitigate impact
20 on the neighboring community at the proposed site?

21 ATTORNEY JACOBY:

22 To date, although there was initial
23 efforts in the early stages, there's been no current
24 effort, although more recently we have spoken with
25 various legislators in the Philadelphia community and

1 told them that we intended as part of our new
2 relationship to address that. I know it's
3 contemplated to be a special services district and
4 eventually a community benefits agreement, but there's
5 regretfully not been enough of substance, although
6 that's something that Mr. Wynn is committed to and his
7 organization going forward, is to go out in the
8 community and talk to them about the project.

9 MR. TRUJILLO:

10 So as I understand it, there's been no
11 progress made towards establishing a special services
12 district?

13 ATTORNEY JACOBY:

14 I'm sorry. I didn't hear the last part.

15 MR. TRUJILLO:

16 As I understand it then, there's been no
17 progress toward establishing a special services
18 district?

19 ATTORNEY JACOBY:

20 Yes, that's true. I might add that we
21 have a conference with the Special Master on the 8th,
22 with the City of Philadelphia. And among other things
23 besides permitting, that may be an issue that comes
24 up, is starting to develop that.

25 MR. TRUJILLO:

1 And Mr. Wynn, one --- or a couple
2 questions. Are you anticipating an auditorium or a
3 showroom of any kind in the proposed facility?

4 MR. WYNN:

5 I'm anticipating a large meeting room
6 with a stage that can be used for special events and
7 also to talk to my employees, which I do on a regular
8 basis en masse. And it has a stage and it's a
9 performance area and has lighting and things like
10 that.

11 MR. TRUJILLO:

12 Do you have a sense of what the --- how
13 many seats that would accommodate?

14 MR. WYNN:

15 Mr. Keating and I discussed that matter
16 in great deal last night. And at the Hyatt down the
17 street he has 24,000 square feet. That's a very nice
18 size, and my feeling, that would hold a thousand
19 people for dinner. Am I right, Dan?

20 MR. KEATING:

21 Yes.

22 MR. WYNN:

23 Can you get a thousand people in 24,000
24 here with the code?

25 MR. KEATING:

1 Yeah.

2 MR. WYNN:

3 I want to be able to get the whole
4 workforce in there, not just customers.

5 MR. TRUJILLO:

6 And is there a plan for any kind of a
7 sports bar?

8 MR. WYNN:

9 A sports bar, yes, right in the middle,
10 as a matter of fact.

11 MR. TRUJILLO:

12 That's all I have, Mr. Chairman.

13 CHAIRMAN FAJT:

14 Thank you. Other Commissioners?
15 Commissioner McCabe?

16 MR. MCCABE:

17 Yeah. I'd like to bring us back to why I
18 believe we're here. We're here to try to see, are you
19 in compliance with our Order? Have you produced the
20 documents that we wanted? And from what I heard Mr.
21 Jacoby say is, no, you haven't produced the documents.
22 You aren't in compliance with our Order by your own
23 admission. So therefore, then we got to consider what
24 do we do? Do we continue the sanctions? Do we raise
25 the sanctions? Do we remove them? What do we do?

1 From what I've been hearing, you want us to suspend or
2 remove the sanctions because you're trying hard. And
3 as evidence of you trying hard, you've brought Mr.
4 Wynn here today, whose reputation precedes you. And I
5 think you're very wise to have Mr. Keating still
6 involved in this. He's got an outstanding reputation
7 in Pennsylvania, and he's got a proven record in
8 Pennsylvania. He delivers with what he says. He's
9 going to deliver when he says it. So that's a plus.

10 Back to Foxwoods. You're admitting that
11 you haven't done what we've asked you to do. You're
12 not going to do what we asked you to do. You want us
13 not to continue the sanctions because you're trying
14 hard. Not only is Mr. Wynn here, but you're
15 proffering to us drafts, nonbinding agreements. And
16 for your edification, this Board has experienced
17 change of ownerships that have gone almost to the 12th
18 hour and have fallen through, and we licensed
19 everybody, the papers were all signed, and then at the
20 11th hour the change of ownership didn't go through.
21 There was a large penalty paid to the other --- the
22 owners, but it didn't happen. So that's a little bit
23 --- our reluctance is we realize if this deal, because
24 it's not binding, everything is in draft form, could
25 explode at some point until all these other things are

1 satisfied. So why shouldn't we either continue the
2 fine or even actually raise it to make sure that you
3 are in compliance with what this Board has requested?

4 ATTORNEY JACOBY:

5 I think as you indicated in your
6 adjudication, there were two concerns. One was that
7 we show progress, and number two, to incent our
8 investor to be able to close our deal. We completed
9 the term sheet on February 18th and it was signed and
10 delivered the next day. You've heard from Mr. Wynn as
11 to the level of commitment that Mr. Wynn has and his
12 organization to this program. When you talk about us
13 not literally complying with Conditions Five and Six,
14 Commissioner, it's not that we don't ever intend to
15 comply with them, it's just that under the new
16 paradigm that we have, Condition Five is the provision
17 of design. Mr. Keating has been retained by Mr. Wynn.
18 He will develop the design. He'll be --- you know, it
19 will be delivered to the Board on a timely basis, to
20 BIE. Likewise, ---.

21 MR. WYNN:

22 Mr. Jacoby, it isn't quite ---
23 Commissioner, there was one thing I need to correct.
24 It is a nonbinding agreement in the sense that we can
25 leave, but we are required to act in good faith. It's

1 not binding if you don't license us. It's nonbinding
2 if they don't let us build the building. But we are
3 required --- my interpretation of this agreement is we
4 are required to proceed. We're prepared to file our
5 applications within a week here. We will have
6 applications before the building department. Mr.
7 Keating and my company and I are acting in concert
8 forthwith in a matter of weeks, in a few months, but
9 we can't just arbitrarily say goodbye. I mean, it's
10 not exactly --- it's nonbinding in a sense that if you
11 don't license us, we're not out any money, but we have
12 to proceed to do these things. And I think that's
13 a --- although a lawyer would say it's not exactly the
14 same, it's significantly different.

15 MR. MCCABE:

16 Right. And I'm not questioning anything
17 involved with you. You are a proven entity. But in
18 experiences we've been having with the current
19 administration at Foxwoods is delay, not meeting
20 deadlines, not producing the documents that we need
21 when we ask for them. So that's where I'm coming
22 from. You're a whole different story. And when we go
23 into that next chapter, I think things will be a lot
24 smoother. But right now we're trying to deal with
25 Foxwoods, Mr. Jacoby, his clients, and that's some of

1 our hesitation and questioning is all along they
2 haven't made some of these deadlines, and why
3 shouldn't we continue the fine to ensure that they do
4 --- what they say is going to happen happens, and then
5 once that starts happening, do away with the fines, do
6 --- suspend them because now we have a new chapter
7 going and things may run smoother.

8 MR. WYNN:

9 Yes, sir. I understand.

10 ATTORNEY JACOBY:

11 As a consequence of signing the term
12 sheet, we now have a mechanism in place to deliver
13 those to you, those design documents and the timeline,
14 which is what we submitted to the BIE on the 2nd.
15 What we're asking this Board to do is not to relieve
16 us of the obligation to deliver those things and to do
17 other things we promised to do but to work with us in
18 developing a more realistic timeline based upon the
19 Wynn transaction and to have BIE monitor our activity.
20 And again, if we don't --- and we'll modify the
21 September 1st Order. And if we don't toe the mark,
22 given our commitment and given everything we're trying
23 to do with the Wynn organization, then we believe that
24 the Board should consider at that time the
25 re-imposition of sanctions. Regretfully, we're in a

1 situation where we don't have the plans, we don't have
2 the timeline, the timeline goes in lockstep with the
3 plans, but we have a plan to have them now, and we've
4 delivered a schedule with deliverables to BIE, and we
5 hope that they'll think that's reasonable and that we
6 can put that in place, moving forward.

7 MR. MCCABE:

8 Thank you.

9 CHAIRMAN FAJT:

10 Commissioner Ginty?

11 MR. GINTY:

12 The original license was conditioned on
13 the construction of a fairly substantial facility that
14 was estimated to employ 950 people. There has been
15 some language reported in the paper that might suggest
16 that you were contemplating something less than the
17 facility that is --- was originally contemplated. You
18 have mentioned in your testimony that you're actually
19 contemplating something bigger and that would employ
20 more people. You also indicated that you were
21 prepared to visualize it for us. I would like an idea
22 of what your vision is for the facility.

23 MR. WYNN:

24 Is that okay? Okay. If you're on the
25 boulevard, looking at the river, that's the point of

1 view I'd like you to adopt as I explain what you'd
2 see. On the right is Tasker. On the left is Reed.
3 The property is approximately 870 feet wide,
4 incidentally, and about the same depth. That happens
5 to be almost identical to the size of our 14-acre
6 piece in Macau on the South China Sea. The porte-
7 cochere would be in the middle, but we would carve out
8 of Tasker. Tasker is a two-lane street owned by the
9 city between us and the Home Depot to the south. Now,
10 what we would do is take an additional two lanes out
11 of our own property to make that a big four-lane
12 street with a median. The reason I mention that is
13 that Tasker is going to have to absorb, there's a
14 traffic light, the cuing of people to keep them off
15 the boulevard, off Columbus Boulevard. On the left is
16 Reed. Our neighbor to the north is the Comcast
17 people. They have a broadcast facility. The way it
18 works, there's a two-lane little dinky street there,
19 and half of that street is owned by Comcast and half
20 is owned by the site that we're describing. I intend
21 to take the half that we own and add three more lanes
22 and a median, making a four-lane road from the
23 boulevard, Columbus Boulevard, back to the river as
24 well on the north side of the property. The reason
25 that these four-lane roads are so important, even

1 though they're being carved out of our property, is
2 that is the facility that absorbs the traffic and the
3 congestion and gets it off Columbus Boulevard, whether
4 it's cars and buses.

5 Valet parking. Now let's go back to the
6 building. So, now we understand how the site is being
7 restructured. To the right and along the river
8 there's a boardwalk. There is a piece cut out of the
9 property, a little rectangle, that makes the south
10 side of the property at the river shorter than the
11 north side. The north side goes all the way to the
12 boardwalk. The south side that's towards the adjacent
13 building has a piece cut out of it. It is part and
14 next to that piece that we would put our loading dock
15 and our receiving area for the back of the house,
16 which would come along a road that's behind the Home
17 Depot. Valet parking would be at the front door.
18 There's a porte-cochere in the middle of the --- if
19 you can imagine, a big porte-cochere in the middle.
20 The front of the building undulates and curves
21 consistent with our pattern of always using arabesques
22 or curves. Visualize this. The building itself is 12
23 feet above Columbus Avenue, the main floor of the
24 casino. The property drops two feet from Columbus
25 back to the water, so the building --- if there was a

1 slab at 12 feet, the building would be 14 feet off the
2 ground at the water and 12 feet off the ground at
3 Columbus. The porte-cochere driveway comes up to the
4 12-foot level and goes back down. It enters on ---
5 one of the entrances is on Reed --- on Tasker. The
6 exit is on Reed. Underneath the building, on grade,
7 is valet parking to the west, along Columbus, under
8 the building. There's a setback, incidentally, filled
9 with evergreen landscaping. As is our custom, we
10 never allow buildings to be a hardscape. We always
11 finish our buildings with lots of landscaping. As
12 you're familiar with Las Vegas, you know that we're
13 the landscapers. So there are trees on Columbus
14 Avenue surrounding the porte-cochere. Underneath is
15 valet parking and behind valet parking the employee
16 parking. All of our employees --- all of our guests
17 are in enclosed parking. We have no surface parking
18 that's not enclosed. On Tasker and on Reed are two
19 parking garages that are three levels each. The first
20 level of the garage is at the same level as the casino
21 plus 12, because valet is underneath, and that means
22 that on both sides of the property guests can walk
23 straight into the casino from the ground level of
24 parking. Then there's a second level serviced by an
25 escalator, and then there's a third. Those three

1 levels take --- the top level of that is even with the
2 roof of the casino, because the casino has a 15 or
3 16-foot clear --- clearance to the bottom of the
4 ceiling. Above that is air conditioning, fire
5 equipment, extinguishing. All of the infrastructure
6 takes up quite a bit of room. And then there's the
7 roof of the casino. If we didn't have a second floor
8 in the casino, the top of the casino would mask all
9 three levels of the garage so that you wouldn't see
10 separate garages. The entire façade and the sides of
11 the building are enclosed in a continuous skin that
12 we've designed. And I already know what that skin is
13 going to be because we've got a brand new hotel
14 opening in 60 days in Macau and it has as very
15 stunning new skin, and I'm going to use it again in
16 Philadelphia. And it's done with canopies and white
17 marble and chocolate brown canopies that are encased
18 in sort of brass rims. I'm having a little bit of
19 trouble with that one for you, but --- without a
20 picture. But the casino floor is a plus-12. So is
21 the first level of parking. The second level of
22 parking is approximately plus-22 and then plus-32,
23 plus-32. Ten foot floor to floor on garages. My
24 familiarity with this subject is because I happen to
25 be one of the co-designers of the building.

1 The second floor of the casino is going
2 to be the meeting room, entertainment area and a
3 nightclub, which will have views onto the Delaware
4 River. In the front of the building, to the left of
5 the porte-cochere and to the right of the
6 porte-cochere are round, curvilinear glass structures,
7 the fronts of the building. One is a steakhouse. One
8 is an Italian restaurant. On the back, on the casino
9 level on the right, on the Tasker side, is an Asian
10 restaurant. And on the back, on the left, where the
11 bus station is, and I think we're going to have a bus
12 station --- instead of just parking, we're going to
13 have a place for buses, is a food court, in the middle
14 a poker room. You come through the porte-cochere, on
15 the immediate right, before you go to the steakhouse
16 or the Italian restaurant is high-limit table games,
17 on the left high-limit slot machines. Down the
18 middle --- oh, you walk into an atrium with a domed
19 ceiling and down the middle is a coppered, sky-lit ---
20 coppered sky-lit walkway flanking --- on which the
21 table games are flanking. In the middle, that atrium
22 comes to a rather large atrium opening, and that's the
23 sports bar that you asked me about, with evergreen.
24 Then on the other side of the sports bar, again going
25 down the middle, is --- it terminates at the poker ---

1 at the river end. Left and right, like a plus sign,
2 from that sports bar are avenues into the garage.
3 There are also openings into the main level of the
4 garage from the front and from the back by the poker.
5 So there are three entrances on the left and the right
6 into the casino from the parking garage and there are
7 three sets, total of six, escalators that go to the
8 second level of parking and the third level of
9 parking. How's that for a visualization? That help
10 you out? Now, that's after the first week of design.

11 MR. GINTY:

12 I think it's more than cute, Mr. Wynn.

13 MR. WYNN:

14 Well, I mean, that's what we're going to
15 do. You wanted to know what the place looks like. I
16 mean, you got to be able to explain it.

17 MR. GINTY:

18 How many people do you estimate the
19 casino will employ?

20 MR. WYNN:

21 Well, Dan and I talked about this meeting
22 room. That was a big open item to me. And I came and
23 when I had a snack with Dan and his staff at the
24 Hyatt, I became convinced that we needed a meeting
25 room. That will add a catering department that's

1 going to --- we're going to be pretty close to 2,000 I
2 think by the time we're done, with the nightclub.

3 MR. GINTY:

4 And do you provide ---?

5 MR. WYNN:

6 And excuse me, sir. We may have 2,000
7 FTEs, full-time employments, per day and have a
8 workforce that's even larger for days off and
9 vacations.

10 MR. GINTY:

11 And do your employees get benefits?

12 MR. WYNN:

13 Pardon me?

14 MR. GINTY:

15 Do your employees get benefits, medical
16 benefits?

17 MR. WYNN:

18 401(k) matching plan, complete healthcare
19 for their families. We've done business for 42 years
20 with the Culinary Union, Restaurant Employees Union.
21 We've never had a grievance. The International
22 Chairman, John Wilhelm, went to Yale, is a very close
23 personal friend of mine. And the local guy in Las
24 Vegas, Steve Taylor, who very well may be the next
25 International President, are both friends of mine. We

1 enjoy an exemplary relationship with the Union. They
2 even signed a ten-year contract with me when we built
3 Wynn. That's how much trust we have in one another.
4 Half of my workforce in Nevada is culinary, half is
5 non-union. The rest are primarily non-union.

6 MR. GINTY:

7 And one of the conditions for the license
8 was to use reasonable efforts to utilize labor, union
9 labor, in the construction of the facilities. Is that
10 still something you would contemplate doing?

11 MR. WYNN:

12 For my whole 42 years we've always used
13 union construction for all the hotels, even in China.

14 MR. GINTY:

15 I think that's all I have.

16 CHAIRMAN FAJT:

17 Thank you. Commissioner Coy?

18 MR. COY:

19 Thank you, Mr. Chairman. We're glad to
20 have you here, Mr. Wynn, because, candidly, I think
21 you've told us more in the last 15 minutes than we
22 were privileged to hear for maybe 15 months about this
23 project. And I'm also happy to see Mr. Keating in the
24 room. I was happy to hear his name at the last
25 meeting --- or the last hearing we held, and I'm glad

1 to see him in the room and associated with the
2 project.

3 One word about --- Mr. Jacoby, one word
4 about the fines, because I've heard you ask to be
5 relieved from them on several occasions today. The
6 fines, at least as far as I was concerned, were never
7 meant to be punitive but simply to help move the
8 project along. To that degree, they appear to have
9 worked. And I think it has helped bring us a little
10 closer to completion on this project.

11 Mr. Wynn, what is the level of --- or
12 what would the level of minority participation be
13 following the dilution of this Foxwoods ownership?

14 MR. WYNN:

15 Well, sir, I'm not in a position to
16 answer that question with certainty. The participants
17 in the enterprise all have the right to force me to
18 buy them out, and I have the right to call their
19 interest as well. So I guess in one sense there could
20 be no minority participation, per se. But I hasten to
21 add that we are traded on NASDAQ, and anybody can
22 participate, if they believe this project is
23 formidable, at, I think, very reasonable rates for our
24 stock at this time. But the minority participation
25 that's in this deal today if it left would get money.

1 MR. COY:

2 Would you have a plan, Mr. Wynn, of
3 trying in an affirmative sort of way to enhance
4 minority participation?

5 MR. WYNN:

6 In terms of ownership?

7 MR. COY:

8 Ownership, employment ---?

9 MR. WYNN:

10 Employment, for sure. Ownership, no.
11 We're a public company. We don't --- we don't really
12 go to --- we don't need, nor do we seek partners,
13 except in the ownership of Wynn Resorts itself.

14 MR. COY:

15 And talk about employment for a moment.
16 What would you say your record would be with regard to
17 minority employment as to your other facilities and
18 what would your plan be here to enhance that?

19 MR. WYNN:

20 I must say, Commissioner, that the vast
21 majority of my line employees are minorities, as well
22 as executives. Without minorities, Asians, Latinos
23 and African-Americans, I would have no company. It's
24 huge. I don't have the percentage data available to
25 me, but we've always been recognized for our minority

1 participation. And I might add we don't do so because
2 we want to comply with some law. We do so because
3 those are the best people. Without my minority
4 employees, I have no company. And this is 40 --- I've
5 been doing it since 1967.

6 MR. COY:

7 I appreciate that. And we would hope
8 that your record in that regard would continue in
9 Philadelphia.

10 MR. WYNN:

11 You can be assured of that, sir.

12 MR. COY:

13 I appreciate that. Let me ask you two
14 final questions. And you may have trouble answering
15 the first because of just your involvement and so on,
16 but for the Board to somehow or another measure your
17 commitment to this project to move forward, how much
18 money do you think you have invested in this project
19 so far, if you had to guess?

20 MR. WYNN:

21 A couple million in legal fees.

22 MR. COY:

23 Couple million?

24 MR. WYNN:

25 Yeah.

1 MR. COY:

2 Okay.

3 MR. WYNN:

4 Incidentally, sir, if I got expedited
5 review of my license ability and suitability by this
6 Board, conditions would vanish. I mean, you have it
7 in your power to accelerate this process enormously.
8 And Mr. Keating and I are prepared to break ground on
9 this project on foundation work on a fast-track basis
10 without final --- without complete plans. We have
11 enough plans to get Planning Board approval, but this
12 is not a job where I need to have total complete
13 package finished before we break ground. I'd like to
14 do this on a fast-track basis for two reasons, first
15 of all, because there's some pressure from the State
16 of Pennsylvania that's undeniable. This project is
17 late. And secondly, unfortunately, this recession,
18 which is so devastating, has created an opportunity.
19 I came in, to my delight, with this wonderful group of
20 union people screaming and yelling and holding old
21 pictures of me up. I've never had anything like that
22 happen before, but it was charming and fun. But it's
23 a reflection of the need for the construction trades
24 to go back to work. This is a very advantageous
25 moment to build something, and Mr. Keating and I,

1 recognizing this, would like very much to engage those
2 trades as soon as possible, while the environment is
3 so ripe for good construction production. So for
4 those reasons, Dan and I agree that we would --- we'd
5 like to get into foundations lickety-split. The
6 biggest single obstacle we've got is licensing by the
7 Board.

8 AUDIENCE MEMBER:

9 Now?

10 MR. WYNN:

11 As far as speed goes.

12 MR. COY:

13 Thank you. Just one final question, and
14 that would be, just reflecting a moment on the
15 worldwide and certainly our national economy, do you
16 think the ability to secure funding and financing has
17 improved, say, from a year ago, or where do you find
18 yourself in that regard? Talk to us about that.

19 MR. WYNN:

20 It has not improved since a year ago,
21 generally speaking. But for us, at least, it's
22 irrelevant because we didn't have any trouble a year
23 ago. We don't have any trouble now. Our relationship
24 with our banks is perfect. We're in constant
25 conversation with them. Matt has been --- I mean, I

1 think Matt can be --- can enlighten you about that.

2 MR. MADDOX:

3 Yes. So, you know, in the last 18
4 months, during these financially tough times, we've
5 raised over \$2 billion at Wynn Resorts. We have well
6 in excess of \$2 billion of cash on our balance sheet.
7 So, even when the world was really, really tough in
8 the financial world, we were always leading the way,
9 issuing equity and raising debt. If you look at how
10 we'll probably finance this project, I've already
11 reached out to six or seven relationship bank that
12 would be willing to put somewhere in the neighborhood
13 of 60 percent of the project cost up as a first
14 mortgage. One thing about us, we finance very
15 conservatively. You need, you know, 40 percent ---
16 roughly, 30 to 40 percent of the money in this project
17 will be ours and the rest will be relationship bank
18 first mortgage debt, at very low interest rate costs
19 relative to what other projects are being built for.

20 MR. COY:

21 Thank you very much.

22 CHAIRMAN FAJT:

23 Commissioner Sojka?

24 MR. SOJKA:

25 Yes. Mr. Wynn, since you entertained us

1 all with your word pictures about the building you're
2 going to build, there was another issue that was
3 roiling around both casino sites in Philadelphia, and
4 that was the issue of the waterfront. And there was
5 an issue about whether or not the presence of casinos
6 might destroy the waterfront. In your word pictures
7 could you give us any indication of any thought or
8 planning that might have gone into allowing, say,
9 pedestrians, who might not even be involved with the
10 casino, to access the riverfront and maybe be on the
11 property and benefit from what you're doing.

12 MR. WYNN:

13 Well, that's a very interesting comment.
14 I was there last night with my gang. We all went to
15 visit with Dan and walked around the property. The
16 waterfront is horribly ugly in that place. It's
17 terrible. You couldn't do any more damage to it if
18 you set it on fire at the moment. This whole Penn's
19 Landing fiction that has been part of the folklore of
20 Philadelphia since I went to school here from 1959 to
21 1963 is hysterically funny. There's this fiction that
22 Penn's Landing, where William Penn set foot on the ---
23 crossed the Delaware River is somehow a recreational
24 area. This promise has never been kept. It's never
25 even been attempted to be kept. My hope is that ---

1 this business of putting the casinos on the river,
2 that wasn't my idea at first. I even suggested to the
3 Mayor in the old days, before he became Governor, that
4 they use casino gaming to build resort --- convention
5 hotels next to the big convention center that they had
6 invested in in Philadelphia. But they chose --- they
7 chose to take a different route in their wisdom, and
8 now we're on the Delaware River. As I looked at it
9 and I saw this succession of old and outmoded
10 structures and empty --- unkempt parcels, like the one
11 that we're discussing today, I realize that we had an
12 opportunity here to do something really lovely on
13 Columbus Boulevard. I assure you that the front of
14 our building will look completely out of place
15 compared to the places that are there now, but it's a
16 beginning. And if we're successful, maybe we can come
17 to terms with Comcast, get them to go somewhere else
18 and build a hotel next door. And then there's the
19 sheetmetal workers as we go north with a building
20 that's clearly for sale. Now, I say first things
21 first, but there's this empty piece at the foot of the
22 off ramp, wonderfully connected to the transportation
23 infrastructure of south Philadelphia, with I-95 at our
24 doorstep. I need a left-turn approval on Tasker from
25 the City to get --- to take the traffic off Columbus

1 and put it onto my property. But other than that,
2 it's ready for improvement. And I think that there's
3 a boardwalk easement that you know goes along, but
4 it's unkempt at the moment. Certainly on my property
5 it's not going to be unkempt. I'm going to make it
6 nice because I'm going to have stuff that looks out on
7 it. So I got to clean up the ugly docks and the
8 destroyed piers and all the other nastiness that is
9 there, and I'm hoping that by doing so it will be
10 motivation. These things, once they get started, they
11 tend to propagate something else. Someone sees us put
12 a nice place there and it works out, now the property
13 seems to be worth more and we get to expand,
14 especially if the legislature continues to be
15 sensitive to the growth of the industry. So I'm
16 interested in the river because that's the best thing
17 I've got to look at. If I look on Columbus Avenue,
18 I'm looking at the movie theater and the gentlemen's
19 clubs.

20 MR. SOJKA:

21 If I could interject this. I encourage
22 you to take a look at what Mr. Keating built in
23 Pittsburgh. He built the casino along the river out
24 there, I'm from Pittsburgh, and he did an outstanding
25 job.

1 MR. WYNN:

2 I heard that.

3 MR. SOJKA:

4 It's beautiful, and it did everything you
5 say that you think this will do at the river. So, we
6 were the ones that decided that's where we wanted it
7 to go. But Mr. Keating has built a beautiful casino
8 along the river in Pittsburgh, and I encourage you
9 just to take a look at that.

10 MR. WYNN:

11 Yeah. My colleague, Mark Shore, went and
12 said it was a really good-looking place. Neal Bloom
13 owns it. And currently, you know, I think it's
14 struggling a bit, but it was a really well-done job.
15 This market, this location, is a very, very strong
16 location. I was in business in Atlantic City. We had
17 the best place there. Although we were the smallest,
18 we led that market all eight years I was there, and we
19 had big business from Cherry Hill in this part of the
20 country. We have over 110,000 people that are credit
21 players at my hotel in Las Vegas that are from this
22 neighborhood that we're in. So, they won't have to
23 come all the way to Las Vegas, they can play here.
24 We've got a big group of people that we understand
25 that are table players, you know, 15 \$100,000 cards,

1 stuff like that, above 25, that live within a 15 or
2 20-minute drive of this site, which is one of the
3 reasons why I'm enthused about it.

4 MR. SOJKA:

5 Well, while we're on that, could I go
6 back to a couple slightly more mundane issues. But
7 again, I thank you for your enthusiastic description
8 of what you'll do with the riverfront if this comes to
9 pass.

10 One of the issues that we should remind
11 you of as you're beginning to visualize this casino is
12 that we regularly have to confront operators about
13 access, direct access to the gaming floor for our
14 people, our offices, the State Police and so on. I'd
15 like to suggest to you that whoever is thinking of the
16 buildings, if it goes that far, that you keep that in
17 mind so that we don't have to retrofit in order to do
18 that.

19 MR. WYNN:

20 Between the wall of the casino, on both
21 sides, north and south, and the aisle that begins the
22 gaming, I've left a 30-foot corridor. That's also
23 where the lobbies of the escalators will come in in
24 three locations on both sides. But in between those
25 lobbies I have a 30-foot long corridor of space on the

1 slab of the casino that I'm expecting to use for men's
2 and ladies' rooms, service bars and regulatory access.
3 We've been through this all these years and we
4 understand that the better you do that, the better you
5 get along with the cops, so that's why we do that.

6 MR. SOJKA:

7 Earlier today you mentioned that this
8 negotiation that's led to this term sheet and your
9 visit with us today has been in operation for four-
10 and-a-half months, more or less. That precedes some
11 of the events that make this building --- or this
12 project exciting. Were you drawn to the fact that
13 table games might come? Were you interested in doing
14 this if they didn't come?

15 MR. WYNN:

16 No, sir. Table games did it. We started
17 negotiating because there was a feeling that table
18 games were imminent, and that meant that we could
19 really be competitive. I said earlier that the
20 addition of table games --- the public should
21 understand that it was a very timely and very, very
22 important decision because it meant that the workforce
23 and the tax revenues could continue to be competitive
24 with the jurisdictions that are adjacent to this one.
25 And that's the mistake that has been made in the past

1 so often. You have slots in a box and you're
2 vulnerable to the next slots-in-a-box place. And I've
3 never, ever attempted to be part of a slots in a box.
4 I had temporary insanity in Aqueduct, but I got over
5 it and withdrew, but --- because it was New York City
6 and there was so much property and the idea that they
7 would change, too, in the future. But there's an
8 awful lot of activity that's going to go on around
9 Pennsylvania. And this decision to make these casinos
10 competitive and full --- if you don't want gambling,
11 then don't make it legal. My job is not to talk
12 anybody, like those ladies that were here, into
13 casinos. What do they call it, Casino Free? Is that
14 their organization? I think I'm going to join up
15 because I think there should only be one, ours. But
16 the point is that it was a good thing and it made it
17 possible for us to do a Wynn kind of project.
18 Otherwise, it's hard to afford it. With a very high
19 tax rate on slot machines, you get what you see, sort
20 of a regressive slots-in-a-box place. But now --- for
21 example, out at Parx, the plans that Mr. Jonas, Mr.
22 Green and Mr. Manoukian have, my lady friend and I
23 spent last week visiting her children in Switzerland,
24 and Bob Manoukian and his wife were there. And Bob's
25 enthusiasm for expanding Parx Casino is almost

1 unlimited. And there's a man that has the resources
2 to do whatever he wants out in Bucks County. So I
3 think that the change in the law has changed
4 everything, and you're going to see much more
5 employment, I know it's true with us and Parx, and
6 you're going to see a much broader appeal and money
7 coming from outside the region into the region. And
8 in the past it's gone from Pennsylvania out of the
9 region, to New Jersey. That's all going to change
10 now.

11 MR. SOJKA:

12 Again, just to get back to the mundane,
13 our colleague, Mr. McCabe, did ask some
14 straightforward questions about licensing, and I
15 understand that's key to you. And I did not know
16 until you mentioned it today that you may be the
17 longest licensed gaming person on the planet, which
18 brings some level of comfort but not complete comfort.
19 And as Commissioners, we can't really deal very well
20 with even strong likelihoods. And our situation
21 usually requires probably at the fastest six to seven
22 months to license the key people, even with excellent
23 records. You do intend to get started, get permits,
24 do things, with the understanding that something could
25 go wrong there; right? Is there a plan B is where I'm

1 going?

2 MR. WYNN:

3 I'm going to do the design, if that's
4 what you mean. I'm going to work with Keating and do
5 the drawing, but --- if that's what you mean, sir.

6 MR. SOJKA:

7 I'm sorry. I missed that point.

8 MR. WYNN:

9 I intend to proceed full tilt with the
10 drawing and sort of, so to speak, for lack of a better
11 term, gamble on the outcome.

12 MR. SOJKA:

13 Thank you. We're doing puns around here
14 lately, so that's okay. Thank you. That's the extent
15 of my questions.

16 CHAIRMAN FAJT:

17 John Lisko? Again, John is the Chief of
18 Staff for Treasurer Rob McCord?

19 MR. LISKO:

20 Do you have a microphone?

21 CHAIRMAN FAJT:

22 You know what, Ken, can you give him your
23 mic if you would, please?

24 MR. LISKO:

25 Thank you, Mr. Chairman, for the

1 opportunity to ask a few questions. On behalf of the
2 Treasurer, I'd like to welcome you here today and
3 welcome your interests in the Commonwealth. As we see
4 it, the Foxwoods Licensees are essentially proposing a
5 fundamental change in the identity and the character
6 and the scope of the project as it was originally
7 approved by this Board. And you know, that has led to
8 some internal discussions from our side in terms
9 of --- from Treasury's side in terms of is it simply a
10 change in ownership or is it the change of a license?
11 And I have a few questions that I'd like to explore
12 around this issue today and also follow up on a few
13 questions regarding your vision and some of the
14 financial details of your plan.

15 I appreciate you taking the time to talk
16 about your vision for what's going to happen down on
17 Columbus Boulevard. I'm curious if you could work
18 backwards from --- and if you don't have an
19 understanding of the Foxwoods proposal, but to
20 specifically tell us what is different from the
21 original proposal in comparison to what you're doing,
22 aside from the slots and from the table games.

23 MR. WYNN:

24 I don't know what their original proposal
25 is, you're quite right. I'm sorry. Maybe since

1 Counsel heard what I said is what I'd like to build,
2 maybe they could compare the two. I don't know what
3 they proposed originally, sir. I saw one vague
4 drawing. In my conversations with Mr. Ron Rubin I saw
5 a vague drawing that was a space plan of sorts.

6 MR. LISKO:

7 Okay.

8 MR. WYNN:

9 I don't know what they submitted to you,
10 if it was far more complete.

11 MR. LISKO:

12 That's fine. Next question relates
13 to --- you made reference to your previous experience
14 in Atlantic City. And I'm curious, do you have any
15 current interest in Atlantic City or are you exploring
16 any current interests?

17 MR. WYNN:

18 The answer is no.

19 MR. LISKO:

20 Okay. That had been an issue in the
21 earlier days in some of the discussions in terms of
22 Licensees using their Pennsylvania facilities as
23 feeders to other facilities as they have in different
24 jurisdictions, so that was the ---.

25 MR. WYNN:

1 I think my Nevada facility is going to be
2 a feeder to the Pennsylvania facility.

3 MR. LISKO:

4 I like that idea. Just on one note in
5 regards to confirming what you said before. My
6 understanding from what you said was that the two
7 things that are holding up this agreement between you
8 and Foxwoods are the licensing and the extension. And
9 I just want to ask you to confirm that those are the
10 two issues.

11 MR. WYNN:

12 Licensing and what was the second one?

13 MS. LISKO:

14 And the extension of the timeline.

15 MR. WYNN:

16 Yes, sir.

17 MR. LISKO:

18 Great.

19 MR. WYNN:

20 And a building permit. I mean, we ---
21 for some reason, it seems almost inconceivable, but no
22 one can build anything unless the City of Philadelphia
23 says it's okay. But technically, I know it's
24 technically an item ---

25 MR. LISKO:

1 Great.

2 MR. WYNN:

3 --- that we get --- that we don't ---
4 we're told that all of a sudden they've changed the
5 zoning or something.

6 MR. LISKO:

7 Okay. I have a few final questions
8 regarding the financing of the project. Do you have a
9 rough estimate on what you estimate the project costs
10 to be to development, to develop the actual?

11 MR. WYNN:

12 Yes. Dan and I talked about it. Matt
13 has been working on it. I think we're between
14 \$500,000,000 and \$600,000,000.

15 MR. LISKO:

16 Okay. And ---.

17 MR. WYNN:

18 And I think it's closer to six now that
19 we are going to build the catering and convention
20 space.

21 MR. LISKO:

22 And in terms of your role in the
23 financing, will you finance the total amount of the
24 project or ---? I know that you made reference to a
25 commitment you would make from the Wynn Group but also

1 from your banks?

2 MR. WYNN:

3 Yes.

4 MR. LISKO:

5 Okay. Do you have an idea of how much
6 money you will directly invest in this project?

7 MR. WYNN:

8 Probably half of it, 40 percent of it.

9 MR. LISKO:

10 Okay.

11 MR. WYNN:

12 \$250,000,000, \$300,000,000, in that
13 range. If it's \$600,000,000, we'll be \$250,000,000.

14 MR. LISKO:

15 Okay.

16 MR. WYNN:

17 If it goes over, it will be more for us.
18 Anything above that I think will probably come out of
19 our side.

20 MR. LISKO:

21 Okay. In regards to the overall timeline
22 for this project, and I know you made reference to
23 this before, but I would just like to confirm it,
24 assuming the need to raise additional financing from
25 the banks and the necessity to apply for Board

1 approval and City approval, do you feel that six
2 months is a --- you know, is a rough estimate of when
3 this project will be shovel ready?

4 MR. WYNN:

5 We're prepared to file applications with
6 the Board as far as suitability within a week. We're
7 --- we believe, and Dan Keating, I'm glad he's here.
8 I don't know what stage of drawings it takes to get a
9 building permit. The financing we can do faster than
10 anything else. That's pretty easy for us. We can do
11 that in 30 days. I mean, that's not our problem. A
12 mortgage, you mean?

13 MR. LISKO:

14 Yes.

15 MR. WYNN:

16 We could do that ---

17 MR. LISKO:

18 Great.

19 MR. WYNN:

20 --- almost on the telephone. Dan, what
21 level of drawings do we need to get comfort from the
22 Building Department and the permission to make a left
23 turn off Columbus?

24 MR. KEATING:

25 We need approval by the Street Department

1 and the City.

2 CHAIRMAN FAJT:

3 Dan, would you come up, please, and take
4 the microphone?

5 MR. WYNN:

6 This is a key answer because I think we
7 move as fast as the City and the State of
8 Pennsylvania.

9 CHAIRMAN FAJT:

10 Dan, could you stand just for a brief
11 swearing in?

12 -----

13 DANIEL KEATING, HAVING FIRST BEEN DULY SWORN,
14 TESTIFIED AS FOLLOWS:

15 -----

16 MR. LISKO:

17 I just wanted to ask for any
18 clarification you could give in regards to the
19 timeline for this project getting to a shovel-ready
20 stage.

21 MR. KEATING:

22 We'll need PennDOT approval, a City
23 Building Permit. We'll need a foundation permit,
24 which will require full foundation drawings. And I
25 guess we'll be in design development above the

1 foundations.

2 MR. LISKO:

3 Okay. And you --- assuming everything is
4 in order, you estimate that to get us to --- you know,
5 in the ground in six months?

6 MR. KEATING:

7 I do.

8 MR. LISKO:

9 Great. Thank you.

10 MR. WYNN:

11 The building structure is not
12 complicated. Even with or without the meeting rooms
13 on the top, it's basically the three-level garage, the
14 casino 12 feet above grade and then the second level
15 of the casino is the meeting and the nightclub. So,
16 the structure is straightforward. There isn't any
17 architectural leisure domain that we have to go
18 through, so the structure is pretty straightforward.
19 And I think that Dan and I could probably get the
20 structure clarified within a month. Now, the question
21 is how long does it take the City to respond?

22 MR. LISKO:

23 My final question is in regards to the
24 Gaming Act is very clear that in directing this Board
25 to assess a licensing fee to any people who acquire

1 more than a 20-percent interest in a license when
2 there is control of the license, that, you know, from
3 where I sit, appears to be the case. Are you prepared
4 to pay that licensing fee that could be as much as \$50
5 million or as low as several million dollars?

6 MR. MADDOX:

7 That is one other condition that I should
8 have pointed out in the term sheet, that we would
9 expect a change of control fee to be similar to what's
10 happened in other situations in Pennsylvania, which is
11 in the low --- you know, the two to three million
12 dollars, I believe. So that is clearly a condition
13 that what has happened in Pittsburgh and other places
14 has applied to this as well.

15 MR. LISKO:

16 Okay.

17 MR. MADDOX:

18 And as long as that holds true, we'll
19 close.

20 MR. LISKO:

21 Now, a final question. There's been one
22 --- you've made reference to the gaming change --- the
23 changes in the gaming law that made this a more
24 attractive proposition for you to come here. And one
25 of the many changes that happened in the Gaming Act in

1 the past year was one that the requirement --- that
2 the licensing fee assessed, you know, be payable
3 immediately upon assignment or change of control of
4 the slot machine license. And I just want to confirm,
5 will you be prepared to make that payment immediately?

6 MR. WYNN:

7 Are you saying that you have to pay a
8 licensing fee before you're licensed, I mean, the
9 change of control is independent of our suitability?
10 Because I don't understand? Matt, maybe --- how much
11 is that?

12 MR. MADDOX:

13 I don't want to ---, but I think this has
14 taken on a life of its own.

15 ATTORNEY PITRE:

16 And we're not even anywhere near that
17 process yet. The change of control fee is normally
18 assessed any time the Board approves as change of
19 control. We're not even anywhere near that portion of
20 this project where we could start even discussing
21 that. If and when the Board approves the change of
22 control, it will definitely order the appropriate
23 change of control fee be paid.

24 MR. LISKO:

25 Right. And my concern is just making

1 sure you're aware of that.

2 ATTORNEY PITRE:

3 If he doesn't pay it, he doesn't get the
4 license.

5 MR. LISKO:

6 Okay. Thank you.

7 MR. WYNN:

8 You couldn't have a change in control
9 unless you were suitable; right, Cyrus?

10 ATTORNEY PITRE:

11 That's correct.

12 MR. WYNN:

13 And we pay it.

14 CHAIRMAN FAJT:

15 Commissioner Trujillo?

16 MR. TRUJILLO:

17 Mr. Wynn, a couple of just points of
18 clarification. In response to Mr. Sojka, your
19 discussion about project costs, I believe you said
20 some \$500,000,000 to \$600,000,000 project costs. How
21 much of that is construction cost?

22 MR. WYNN:

23 All but about \$200,000,000.

24 MR. TRUJILLO:

25 So about ---?

1 MR. WYNN:

2 If it was \$600,000,000, it would
3 be \$400,000,000.

4 MR. TRUJILLO:

5 Okay.

6 MR. WYNN:

7 Yeah. The rest is licensing, pre-opening
8 expenses, advertising, paying for the land, you know,
9 that we bought from Harrah's. There's quite a bit of
10 money involved in that and --- but I'd say
11 \$400,000,000 for interiors and construction.

12 MR. TRUJILLO:

13 The reason for that question, and I just
14 have one comment about this, is this is clearly, as
15 Mr. Pitre pointed out, not --- and as the Chairman
16 pointed out, not a Change of Control Hearing. It's
17 not a hearing about anything like that. However, in
18 order for us to even start to assess whether or not
19 the licensed entity is coming close to being --- and
20 as I understand what has been presented to us today is
21 not a presentation that says we are in compliance. It
22 is a presentation that says, excuse us for not being
23 in compliance. And the reason we're not in compliance
24 is because we have been focused on an alternative
25 transaction. And that alternative transaction for the

1 last four-and-a-half months has taken our time. And
2 as I relate back to the testimony by Mr. Jacoby in our
3 previous hearing, the reason that Foxwoods was moving
4 to the alternative transaction, and I don't have the
5 transcript in front of me, but as I recall the
6 testimony, it was because the ability to comply ---
7 because the project was upside down in terms of its
8 ability to comply with Conditions Five and Six, which
9 is why we're here today. And that inability to comply
10 with --- by the terms of the licensed entity is the
11 very fundamental problem and issue that I think this
12 Board has to confront, which is the following. It is
13 not whether you are a good operator, whether you have
14 a great vision for a new casino. It is not whether
15 you are the most responsible or most visionary
16 operator. I don't think anybody would come up here
17 and dispute any of those claims, and that's also not
18 what the hearing is about. What I am concerned about,
19 very frankly, is --- and under our regulations and our
20 statute the licensed entity at all times, and it's
21 probably no different than Nevada, at all times
22 maintains the duty to show and the burden of showing
23 that they have maintained suitability, including
24 financial suitability. And so if where we are today
25 is on a path where the Licensee has not maintained

1 financial suitability and we are on a completely
2 different path, which is simply a change of control
3 path, I have some very significant questions about
4 where this is going to end up. And so the issue to me
5 today --- and Mr. Jacoby, perhaps you can enlighten me
6 on this, is --- and there are a couple of questions in
7 terms of a plan A. My view of the Wynn transaction is
8 that, if anything, it should be the plan B, not the
9 plan A, because there is no Wynn transaction. As of
10 today, you are --- your client is the licensed entity
11 and it's the one that has the burden of maintaining
12 that suitability. It's the one that has the burden of
13 continuing to comply with this Board's Orders. And
14 failure to comply with that Board's Orders, in my view
15 and as I read the regulations, requires you by clear
16 and convincing evidence --- and that's the language in
17 our regulations. It requires you by clear and
18 convincing evidence to establish good cause why we
19 should, A, lift the sanctions or not impose further
20 sanctions, and B, you know, as to why you are or are
21 not suitable at this stage. So, that is not a
22 question, but I want it to be clear that, at least
23 from my perspective, those are the kinds of issues I'm
24 concerned about much more than, quite frankly, how a
25 casino will or will not look.

1 ATTORNEY JACOBY:

2 Thank you, Mr. Commissioner. As we
3 indicated in the January 27th hearing, we believed at
4 that time that we were dealing with exigencies beyond
5 our control, in particular the financial markets. In
6 fact, Mr. Wynn referred to it today in the response to
7 a question. We were --- we had tried initially, and I
8 won't recriminate, to look at alternative ways to
9 approach the project, both in Center City and
10 otherwise, and the Board made clear on September
11 1st --- at the hearing of August 28th that wasn't
12 going to happen. We believe that --- we hear you loud
13 and clear, Commissioner, but the Wynn transaction,
14 regretfully, is still predominant. It is our plan A.
15 It's a plan that provides the level of financing and
16 funding that we require to build this project. It
17 includes the resources. Without getting involved into
18 the Foxwoods situation, Foxwoods has its own issues
19 that we're not presenting to the Board today with
20 respect to its own operations. We need to have a new
21 manager to address that issue. We believe that the
22 Wynn transaction is a solution to the problems we were
23 dealing with. The two hallmarks of what the Board
24 ruled in its adjudication of February 10th was two
25 things. We need Foxwoods to make progress, and we

1 need --- if there is going to be a deal with someone,
2 it's got to be closed. We believe that since that
3 hearing on January 27th and as a result of your Order
4 we've done just that. We closed on a term sheet with
5 Wynn. Number two, we spent a great deal of time and
6 effort in trying to address the issues we could
7 address. The Condition Four was more easily done
8 because we had the cooperation of Wynn and they
9 provided us with the draft documents we were seeking.
10 With respect to Conditions Five and Six, as Mr. Wynn
11 has indicated, he has a very finite and visionary idea
12 as to what he wants to build. He's engaged Dan
13 Keating to do it. And it's one thing to discuss, when
14 you look at Condition Five, renderings. But for us to
15 come up with design drawings for Condition Five, then
16 the timeline that really is driven by the design
17 drawings and just the permitting. We're asking the
18 Board to, based upon this proposal and the
19 applications you'll be getting over a period of the
20 next 20 to 30 to 40 days, we're asking the Board to,
21 rather than hold us to those deadlines, realizing that
22 --- give us new deadlines to deal with that and give
23 us the room to get this deal done and not regard us as
24 so much ignoring the Board, as trying to find a
25 solution to something that we couldn't find a solution

1 to until we signed this term sheet.

2 MR. TRUJILLO:

3 And with all due respect --- and I am the
4 new guy on this Board, but as long as I've been here,
5 I have never --- and as I read our --- the
6 adjudication from our last hearing, resulting from the
7 last hearing, as far as I'm concerned, I haven't seen
8 anything where the Board is seeking an alternative
9 transaction from you. To the contrary, we have been
10 seeking your compliance with the September 1 Order.
11 The response of your client has been not to comply
12 with the September 1 Order but to seek an alternative
13 transaction. And so I just want it to be real clear
14 that that's where we are, as far as I'm concerned.

15 ATTORNEY JACOBY:

16 With all due respect, I don't believe ---
17 in my view, it wasn't a question of you seeking an
18 alternative. It was our finding a solution to what we
19 found ourselves dealing with because of the change in
20 the economy and everything else that was going on
21 about us, whether it dealt with the Foxwoods tribe or
22 whatever. We see this --- and you're correct,
23 Commissioner. We see this as the solution to the
24 issues you raised with us over the past six months and
25 consistent with what we've been saying to you.

1 ATTORNEY MILLER:

2 Mr. Chairman, I think in regard to
3 Commissioner Trujillo's comments, I think it's
4 important that we inform the Board what we actually
5 have received at BIE since the last Board meeting.
6 Since the January 27th Board meeting, we have, in
7 fact, received a term sheet, which is a proposed
8 agreement between Wynn Resorts and Foxwoods. We have
9 received a February monthly update. We have received
10 a March monthly update. We've received three
11 confidential draft financial documents, of which
12 Counsel has previously spoken. And we received a
13 six-page letter, dated March 2nd, which stated in the
14 letter that it was submitted in fulfillment of
15 Conditions Five and Six. That's what it stated. I'm
16 not sure it was in fulfillment of those conditions
17 based on Counsel's representations today, but that's
18 what it stated.

19 CHAIRMAN FAJT:

20 Commissioner Ginty?

21 MR. GINTY:

22 I think that leads into my question.
23 Cyrus, what would you need by the end of the month
24 from Foxwoods, from Mr. Wynn, that would satisfy you
25 that they have met Conditions Five and Six?

1 ATTORNEY PITRE:

2 Well, we need the architectural
3 renderings of the facility, and we would need the
4 timeline for the construction of the facility. But
5 Commissioner Ginty, to be quite honest, we're at a
6 crossroads right now. We're at a point where we have
7 a decision to make as to whether to proceed with
8 revocation, because I think it's pretty obvious that
9 Foxwoods does not have the ability to build a facility
10 that we licensed them to build. Or we have the
11 opportunity to see that a facility is built and ---
12 but that will take a petition filed by them to change
13 control. So we're at a crossroads. This Board's got
14 a decision to make with regard to that. Now, as far
15 as I'm concerned, during my career history has proven
16 that revocations are not an easy process and are very
17 time consuming, consumed with litigation. That could
18 be followed up with another open bidding of the
19 license and awarding of that license. It could
20 possibly --- through the revocation process and
21 through the awarding of another license, we could be
22 looking at four years minimum before a facility is
23 constructed and open. Through the change of control,
24 it's feasible by December 2012 that we could have a
25 permanent facility build and open.

1 MR. GINTY:

2 In the River situation, at least on the
3 financial side and change of control side, you know,
4 we had something similar. Would you agree with that?

5 ATTORNEY PITRE:

6 It's totally similar to the Rivers,
7 except that we weren't under the time constraints we
8 were under because we had the steel erected and
9 employees --- construction employees on site who had
10 stopped being paid. But from the financing end, I
11 think this is probably going to be a simple one.
12 However, from the background investigation end, we're
13 looking at more detail.

14 MR. GINTY:

15 I understand that.

16 CHAIRMAN FAJT:

17 Okay. Any other questions from the
18 Board? This will conclude our public hearing. We'll
19 recess in Executive Session to further consider these
20 matters. I anticipate that our Executive Session will
21 take an hour, so we'll reconvene somewhere around
22 1:45. Before we break, I would like to thank our
23 Capitol Police. You guys did a great job. You always
24 do a great job. Thank you very much for being here.

25 * * * PUBLIC HEARING CONCLUDED AT 12:45 P.M. * * *

1 CERTIFICATE

2 I hereby certify that the foregoing
3 proceedings, hearing held before the Pennsylvania
4 Gaming Control Board, was reported by me on 03/03/2010
5 and that I Cynthia Piro Simpson read this transcript
6 and that I attest that this transcript is a true and
7 accurate record of the proceeding.

8
9 
10 Court Reporter

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