

COMMONWEALTH OF PENNSYLVANIA

GAMING CONTROL BOARD

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PUBLIC HEARING

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BEFORE: GREGORY C. FAJT, Chairman
Raymond S. Angeli, James B. Ginty,
Keith R. McCall, Anthony C. Moscato,
Gary A. Sojka, Kenneth I. Trujillo; Members
Jennifer Langan, representing State
Treasurer, Robert M. McCord
Robert Coyne, representing Secretary of
the Department of Revenue, Daniel Meuser
Daniel Tufano, representing Secretary of
Agriculture, George Greig;
Ex-Officio Members

HEARING: Thursday, April 14, 2011
9:35 a.m.

LOCATION: State Museum
State Museum Auditorium
300 North Street
Harrisburg, PA 17120 .

OF CINAL

WITNESS: Bryan P. Schroeder

Reporter: Cynthia Piro Simpson

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A P P E A R A N C E S

1
2
3 OFFICE OF ENFORCEMENT COUNSEL
4 CYRUS PITRE, ESQUIRE
5 Chief Enforcement Counsel
6 DUSTIN MILLER, ESQUIRE
7 Deputy Chief Enforcement Counsel
8 Pennsylvania Gaming Control Board
9 P.O. Box 69060
10 Harrisburg, PA 17106-9060
11 Counsel for Commonwealth
12
13 ALAN C. KOHLER, ESQUIRE
14 Eckert, Seamans, Cherin and Mellott, LLC
15 213 Market Street, 9th Floor
16 Harrisburg, PA 17101
17 Counsel for Greenwood Gaming
18
19 BRYAN P. SCHROEDER, ESQUIRE
20 Assistant General Counsel
21 3331 Street Road
22 Suite 200
23 Bensalem, PA 19020
24 Counsel for Philadelphia Park Casino and Racetrack
25

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OPENING REMARKS

By Chairperson Fajt

5 - 7

PRESENTATION

By Attorney Kohler

7 - 18

E X H I B I T S

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NONE OFFERED

P R O C E E D I N G S

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CHAIRMAN:

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PLEDGE OF ALLEGIENCE RECITED

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CHAIRMAN:

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Just as a housekeeping matter ---. I think most of you probably know this, because our agenda's on the website. We have a public hearing with Greenwood Gaming. I don't expect that to be a

1 long public hearing.

2 We want to do a couple of other minor
3 administrative matters, and then we'll get into the
4 Category 3 decision. We'll make that decision,
5 hopefully, and then we will break for probably five or
6 ten minutes, just to let the crowd clear. And then
7 we'll come back and do the rest of our meeting.

8 Today we have Greenwood Gaming and
9 Entertainment, Inc. before us to present three items
10 by way of public hearings, which will take place, as I
11 mentioned, prior to our public meeting, although it is
12 my understanding that two of these matters may be
13 withdrawn. We'll get to those two petitions in a
14 moment, but let's first deal with the matter for which
15 we will be proceeding.

16 First item is Greenwood's petition for
17 approval of expansion of its gaming floor. I see that
18 Greenwood Gaming and Entertainment is at the table.
19 Please, prior to your presentation, could all of the
20 witnesses presenting evidence today who are non-
21 lawyers please stand to be sworn in, both from
22 Greenwood Gaming's standpoint and anybody from the
23 Office of Enforcement Counsel (OEC).

24 And also, I'd ask that you please spell
25 your name and state your name clearly for our

1 stenographer before you begin. And with that,
2 Greenwood Gaming, you may begin. Any witnesses you'll
3 be calling today who are non-lawyers?

4 ATTORNEY KOHLER:

5 No, Chairman Fajt.

6 CHAIRMAN:

7 Thank you very much. Please begin.

8 ATTORNEY KOHLER:

9 Good morning, Chairman Fajt,
10 Commissioners. My name is Alan Kohler, K-O-H-L-E-R,
11 from out at Eckert Seamans, representing Greenwood
12 Gaming and Entertainment, Inc. that you know as Parx
13 Casino. We're here this morning as --- for the first
14 matter, which I would describe as a coin-up to OP-16,
15 which it has been a little bit confusing, but I think
16 we have it straightened out.

17 OP-16 was a fairly --- made some time
18 ago, was a fairly far-reaching filing, making a whole
19 variety of changes to Greenwood's gaming floor. The
20 Board in December granted partial relief, and there's
21 been a series of actions by the Executive Director and
22 your staff, which I'll go through. And what's before
23 you today, and I think we all are in agreement about
24 this at this point, is one remaining part of OP-16,
25 which is the high limits table game room which we're

1 proposing to construct and activate.

2 I, you know, go through this in a little
3 bit of detail so --- to demonstrate, but essentially,
4 the rest of the relief in one manner or the other has
5 been granted over time. I won't go through this in
6 any detail, but here's a list of the things that OP-16
7 originally requested. Again, there was changes
8 throughout the casino, not only in the grandstand
9 portion of the casino, called Parx East, but also in
10 the main casino, and involved both slots and table
11 games.

12 And on December 16th the Board issued an
13 Order approving OP-16 in part, and they actually ---.
14 You actually approved four specific components of
15 OP-16, which are listed for your reference. Oh, by
16 the way, I have with me this morning Bryan Schroeder,
17 who's Assistant General Counsel at Philadelphia Park,
18 and, you know, he can answer any questions you might
19 have.

20 Then there's been a series of
21 communications and filings with your Executive
22 Director related to various other minor components of
23 OP-16 which falls under the threshold for Executive
24 Director delegation. There was a January 12th, 2011
25 approval. Included movement of 93 slots plus 52 that

1 had originally been approved for movement.

2 There was, for lack of a better word, an
3 inventory issued by your staff which tried to bring
4 together the various components. It actually was
5 issued in the context of OP-17, but we've used that as
6 a reference to try to get everyone on the same page as
7 to where we are. We believe accounts as reflected in
8 that document are correct and we've operated off that
9 to some extent.

10 There also was a letter from the
11 Executive Director dated February 24th, 2011 related
12 to the fully automated electronic gaming tables and
13 the conversion from slot stations. And then to
14 complete the circle, there was a letter from the
15 Executive Director dated March 1st, related to table
16 game mix. And again, that had been originally
17 included in OP-16 but not included in the Board's
18 approval of that.

19 And where we end up after all of that
20 chronology is the high limit room, the high limit pit,
21 as it's called. That will be a pit comprised of 14
22 table games. Twelve (12) of those table games will be
23 new. Two of those will actually be moved from one of
24 the existing pits. It's going to be a very nice ---
25 we think spectacular area for high limit table game

1 players, and we have a little diagram here of what
2 it'll look like.

3 And we put together a few statistics for
4 you. The room has actually been under construction
5 since January. We hope to place table games in the
6 pit by May 15th, 2011. And if everything goes right,
7 system checks and approvals, by May 25th, and online,
8 assuming no glitches, by May 27th, that would be our
9 proposed schedule.

10 The next slide has the breakdown of the
11 14 tables. You have eight for mini baccarat, eight
12 blackjack, one roulette, one craps.

13 We anticipate incremental --- additional
14 incremental revenue of about \$20 million per year.
15 When you break that down, \$2.8 million would go to
16 Commonwealth gaming taxes, and another \$400,000 to a
17 local share, to Bensalem Township.

18 There will be some additional employment,
19 new jobs as a result of activation of the high limit
20 room. We estimate 34, 24 dealers and 10 supervisors.
21 With that, we will end the presentation, and certainly
22 are --- would be pleased to answer any questions.

23 CHAIRMAN:

24 Thank you. Does Enforcement Counsel have
25 any questions on their presentation before I turn it

1 over for any presentation that you might have?

2 ATTORNEY PITRE:

3 What are the limits of the tables? Are
4 you guys prepared? Have you guys thought about that?

5 ATTORNEY SCHROEDER:

6 We have in terms of rough estimates for
7 these numbers here, but in terms of approvals from the
8 Bureau of Gaming Operations, we haven't submitted that
9 yet. We're waiting for approval from the Board and
10 then we can submit new maxes.

11 ATTORNEY PITRE:

12 Okay. But I'm trying to figure out how
13 you came up with those estimates. What are those
14 estimates based upon? I mean, what amounts?

15 ATTORNEY SCHROEDER:

16 There's a mid max amounts. I do not know
17 what the estimates were. They came from our
18 management team based on the new max numbers, the
19 number of high limit players you have who would use
20 the room and the use of the room in terms of the types
21 of games we'd have. So there was a breakdown that
22 way. But in terms of mid max being a criteria, I
23 don't know what percentage or what numbers there were
24 set up.

25 ATTORNEY KOHLER:

1 I believe that we can provide you the
2 estimated numbers if that's helpful.

3 ATTORNEY PITRE:

4 I'm just curious, just curious. I have
5 no further questions. This is consistent with the
6 information that staff has been reviewing for quite
7 some time now, and staff is all on board, and we
8 recommend that the Board approves this.

9 CHAIRMAN:

10 Okay. Thank you. Do I take that to mean
11 that you have no separate presentation?

12 ATTORNEY PITRE:

13 That's correct, Chairman.

14 CHAIRMAN:

15 Okay. Thank you. Does the Board have
16 any questions? Yes, Commissioner Sojka?

17 MR. SOJKA:

18 I have a couple. I have a couple
19 questions, Mr. Kohler. They are exclusively connected
20 to layout, and it is --- and then also to the issue
21 that this is apparently truly high limit play when you
22 look at the proposed revenue. Could you put up the
23 diagram that you put up before and give us a little
24 bit more indication of which games are where? And
25 what is that thing at the bottom? Is that a bar or

1 what is that?

2 ATTORNEY SCHROEDER:

3 Commissioner, let me give you a
4 breakdown. If you look at the top left of the screen,
5 there are two tables, oval-shaped, kind of like a
6 bean. They're both mini baccarat. Across on the
7 right-hand side there are three blackjack tables in
8 that configuration. You move to the middle, that's a
9 single zero roulette wheel by itself. Below that are
10 three more blackjack tables with a player service
11 system in the back there for our pit boss.

12 MR. SOJKA:

13 That's the dark outlined ---? That's
14 the ---

15 ATTORNEY KOHLER:

16 No.

17 MR. SOJKA:

18 --- service area?

19 ATTORNEY KOHLER:

20 The one that's in the middle.

21 MR. SOJKA:

22 Got you. Okay, all right.

23 ATTORNEY SCHROEDER:

24 To the right of that is the craps table.
25 There you go. And finally, as you go down to the

1 bottom, again, on the left-hind side, two mini
2 baccarat tables. And then to the far right is two
3 blackjack tables. The final area is a lounge area.

4 MR. SOJKA:

5 That's the lounge?

6 ATTORNEY SCHROEDER:

7 Yes.

8 MR. SOJKA:

9 Could I ask again, and I'm sure it's in
10 the plan somewhere, but where --- how close is this
11 facility to the cage?

12 ATTORNEY SCHROEDER:

13 Again, on the left-hand side there where
14 the wall ---. There's a wall there. That's actually
15 cage windows on the left there.

16 MR. SOJKA:

17 Okay. So ---

18 ATTORNEY SCHROEDER:

19 And again ---.

20 MR. SOJKA:

21 --- a winner cashing in chips would be
22 able to do the entire transaction in that room without
23 having to walk across the gaming floor in front of
24 other people and that sort of thing?

25 ATTORNEY SCHROEDER:

1 Yes, absolutely.

2 MR. SOJKA:

3 Okay. Thank you.

4 CHAIRMAN:

5 Any other questions? Okay. Thank you
6 very much. The record is now closed in this matter,
7 and we will consider it later today. Moving on to
8 Greenwood's second and third petitions seeking
9 intervention in a couple of Valley Forge matters, I
10 understand, Mr. Kohler, that you would like to address
11 the Board on that issue.

12 ATTORNEY KOHLER:

13 Those are two Petitions to Intervene some
14 time ago last fall when the Valley Forge appeal was
15 pending before the Supreme Court. With your
16 permission, I can address them together, although you
17 have them, I think, scheduled separately.

18 CHAIRMAN:

19 Please address them together. That's
20 fine.

21 ATTORNEY KOHLER:

22 One involves a corporate restructuring
23 and effusion of equity to finance some of their table
24 game operations. The other involves a revised master
25 site plan, which, if I recall, as a result of table

1 games, moves their gaming floor from one floor to
2 another. These were issues of significant interest to
3 Greenwood at the time of Supreme Court appeal, in that
4 they changed things that were before the court.

5 Of course, as we all know, we received a
6 decision in that appeal. We accept that decision,
7 although it was by the slimmest of margins. And as
8 you review that decision, the main issue which remains
9 outstanding for Valley Forge is what I call the
10 amenities plan or what some people call the access
11 plan.

12 And following the Court's decision, and
13 also in conjunction with discussions with your staff
14 and also with Valley Forge, there'll be a proceeding
15 on the amenities plan as a condition of licensure, not
16 as approval of licensure but as a condition of
17 licensure, and that Greenwood will have an opportunity
18 to review that plan and to determine if they want to
19 seek intervention. As long as everyone's in agreement
20 with that and on the same page, we're prepared to
21 withdraw both of these Petitions to Intervene on the
22 record today. And if the Commissioners desire we also
23 do that in writing, that's fine, as well.

24 CHAIRMAN:

25 Okay. Just to be crystal clear, Mr.

1 Kohler, the Board does not believe you have a right to
2 intervene, but you have the opportunity to petition
3 the Board to intervene, which we will deal with in due
4 course. But just to be clear, that I want to ---. I
5 want to make sure that you and I have an understanding
6 that that's the law and that you do not have a right,
7 but you have a right to file a petition which we can
8 review and dismiss or accept as we deem.

9 ATTORNEY KOHLER:

10 Chairman Fajt, we would never presume
11 that you have to predetermine anything. We understand
12 that we have to file and you have to decide. We'll
13 make our arguments at the appropriate time. However,
14 let me say this. In order to have an opportunity to
15 intervene, we need to receive the proposal from
16 someone, and we need an opportunity to review it and
17 we need to know about it.

18 And so, you know, there's been a lot of
19 discussion in the Valley Forge proceeding as to what
20 we have a right to be notified of, much less to
21 intervene in. And as I listen to the dialogue, I
22 think we're on --- all on the same page, that we have
23 a right to notice.

24 And of course, the Board has a --- we
25 have a right to review the filing to see if we think

1 there's an issue for intervention. And of course the
2 Board in due course can review anything we file and
3 decide at that time.

4 CHAIRMAN:

5 We're on the same page as to that matter.
6 You will be given due notice, as will everybody else.
7 Thank you. Okay. I believe that that will dispense
8 with any need for an Executive Session, and we'll get
9 into our regular meeting agenda.

10 MR. TRUJILLO:

11 Mr. Chairman?

12 CHAIRMAN:

13 Yes. I'm sorry. Commissioner Trujillo?

14 MR. TRUJILLO:

15 Just to be clear, you are withdrawing
16 those two petitions?

17 ATTORNEY KOHLER:

18 We are withdrawing those two
19 petitions ---

20 MR. TRUJILLO:

21 Thank you.

22 ATTORNEY KOHLER:

23 --- on the record right now.

24 CHAIRMAN:

25 Thank you very much.

* * * * *

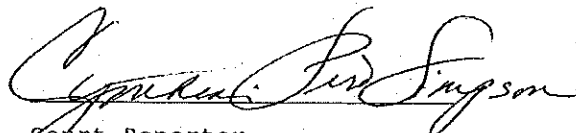
HEARING CONCLUDED AT 10:18 A.M.

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CERTIFICATE

I hereby certify that the foregoing proceedings, hearing held before Chairman Fajt, was reported by me on 04/14/2011 and that I Cynthia Piro Simpson read this transcript and that I attest that this transcript is a true and accurate record of the proceeding.


Court Reporter