

COMMONWEALTH OF PENNSYLVANIA

GAMING CONTROL BOARD

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IN RE: WASHINGTON TROTTING ASSOCIATION LICENSE RENEWAL

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PUBLIC INPUT HEARING

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BEFORE: Linda Lloyd, Presiding Officer
Gregory C. Fajt, Chairman
James B. Ginty, Member
Keith R. McCall, Member
Anthony C. Moscato, Member

HEARING: Wednesday, May 4, 2011
10:00 a.m.

LOCATION: City Hall Council Chambers
55 West Maiden Street
Washington, PA 15301

WITNESSES: Sean Sullivan, Mike Jeannot, William
Gordon, Jerry Stoll, Elizabeth Lanza, David Bryga,
William McGowen, Joseph Manning, Lawrence Maggi,
J. Gregory Sulc, Jeff M. Kotula, Peg W. Wilson, Joe
Forrester

Reporter: Beth A. Duzzny

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P R O C E E D I N G S

PRESIDING OFFICER:

My name is Linda Lloyd, and I'm the Presiding Officer assigned by the Board to conduct this portion of the license renewal hearing for Washington Trotting Association, referred to as The Meadows. Before we begin, please turn off or to vibrate, cell phones, Blackberries, et cetera, so we don't interrupt the speakers today.

As the Presiding Officer, I call this hearing to order. The date is Wednesday, May 4, 2011. The time is 11:03 --- I'm sorry, 10:03 a.m. And the location is the City Hall Council Chambers at 55 West Maiden Street, Washington, PA, 15301. This license renewal hearing is convened by the Pennsylvania Gaming Control Board pursuant to the authority found in Section 13.26(b) of the Gaming Act and the Board's regulations. The public hearing was advertised on the Board's website, announced by the Board at previous Board meetings and advertised in local newspapers.

Board members present for the hearing today are to my immediate left, Chairman Greg Fajt. And to his left, Anthony Moscato. To my immediate right, Keith McCall. And to his right, Jim Ginty.

1 The Board and its staff would like to thank the City
2 of Washington and its staff for making a space
3 available to the Board for the hearing today.

4 The hearing will begin with a
5 presentation by The Meadows. After the close of their
6 presentation, the Board's Office of Enforcement
7 Counsel will have the opportunity to cross examine the
8 witnesses, Redirect if necessary, and any questions
9 from the Board, if they so desire. After that
10 presentation, OEC will have the opportunity to make a
11 presentation, again with Cross Examination of
12 witnesses and questions from the Board, if they so
13 desire.

14 After the close of the testimony and
15 evidence from both of the parties, those that have
16 registered to speak today at the public comment period
17 will be heard when their name is called. Elected
18 officials will have ten minutes to speak, community
19 group representatives will have five and individuals
20 will each have three.

21 Following the close of the public comment
22 period, The Meadows and the OEC will have opportunity
23 to provide a short closing statement.

24 This is an official administrative
25 hearing, so please treat this as if you were attending

1 a court proceeding. All witnesses you will speak
2 loudly and clearly, so that the court reporter and
3 others can hear you, what you have to say. And when
4 you speak for the first time, if you could spell your
5 name for the court reporter.

6 So, I'd like to begin by having all the
7 witnesses from The Meadows and OEC who will testify
8 during this hearing, please stand and raise your right
9 hand to be sworn.

10 -----

11 WITNESSES SWORN EN MASSE

12 -----

13 PRESIDING OFFICER:

14 I have one housekeeping matter. The
15 public comment period for written comments was open
16 until noon this past Friday. We received three
17 written comments on behalf of Washington Trotting.
18 The first is from State Senator Timothy Solobay. And
19 he is in support of the license renewal. The second
20 is from Ronald Mader, the general manager of the
21 DoubleTree Hotel by Hilton. And they also supported
22 the license renewal. And the third was from Fire
23 Chief Mark Grimm from North Strabane Fire Department.
24 And they also supported the license renewal. We'll
25 enter those into the hearing record as Hearing Exhibit

1 Number One, unless I hear any objections from the
2 parties.

3 (Hearing Exhibit Number One marked for
4 identification.)

5 ATTORNEY CREANY:

6 No objection.

7 ATTORNEY JONES:

8 No.

9 PRESIDING OFFICER:

10 And The Meadows, if you are ready to
11 begin?

12 ATTORNEY JONES:

13 Good morning, Chairman Fajt, members of
14 the Board, Director of Hearings and Ms. Lloyd. Marie
15 Jones from Fox Rothchild, here on behalf of Washington
16 Trotting Association. With me today --- you will not
17 hear from everybody that stood, first. You will have
18 Sean Sullivan, Vice President and General Manager of
19 WTA, Mike Jeannot, president of Meadows Racing at WTA.
20 But we do have present a number of our management team
21 for the Board, in case there's any questions. Phil
22 Barnett, Assistant General Manager, Brian Beinhauer,
23 Director of Information Technology, Heidi Hamers,
24 Director of Marketing, Mike Keelon, Director of
25 Compliance, Camille Kobrys, Director of Player

1 Development, Kathy Prieto, Director of Human
2 Resources, David Wiegmann, Director of Accounting and
3 Lance Young, Director of Table Games. And I know I at
4 least made one mistake on those names and Sean's going
5 to get me on that.

6 We would like to thank the Board and its
7 staff for getting us to this point today. It has been
8 five years since I first was before this Board on The
9 Meadows Public Input Hearing. And it has been a
10 prosperous and interesting five years. It has been
11 very good for both the Commonwealth, the horsemen and
12 WTA. As you heard some last week, there was ---
13 there's a few things on the horizon that are very
14 good, and we look forward to this license being
15 renewed and moving forward into the next license
16 period.

17 One other matter is Mr. Paulos would like
18 to extend his apologies for not being here today. He
19 is traveling in respect to the license renewal that
20 you are --- or not --- I'm sorry, the refinancing that
21 you heard about last week.

22 With that, I would like to turn it over
23 to Sean Sullivan to begin our presentation. Thank
24 you.

25 MR. SULLIVAN:

1 Never to try to win a bet, but Beinhauer
2 and Kobrys. So, ---

3 ATTORNEY JONES:

4 My apologies.

5 MR. SULLIVAN:

6 We were teasing some of those names were
7 a little bit difficult to read. But thank you for
8 having us here. Thank you for this opportunity to
9 speak to you about the pride that we have in our
10 property, The Meadows Racetrack and Casino. Every
11 time we have this opportunity, we see people coming to
12 our aid to discuss it in a positive light, talk about
13 the very wonderful things we're doing there, from
14 employment to contributing tax dollars and so on.
15 We'll try to go through this very quickly. Obviously
16 if you have any questions, don't hesitate to let me
17 know.

18 But indeed, we are proud of our five
19 years being here in Washington County. And we're
20 proud about the partnership that we've established and
21 that we've built. And the partnership is surely the
22 Commonwealth and the partnership is surely the PGCB.
23 I love to see Chip here, part of our team at the
24 property dealing with the day-to-day happenings from
25 the Gaming Control Board perspective and absolutely

1 part of our team. He advised us, he protects us and
2 the talks to these issues. I see Joe here from the
3 State Police. Absolutely on our team, a partnership.
4 When we need advice and counsel from Joe and from
5 Chip, they're there every turn we make. And we have
6 employees that are part of this partnership. I see
7 them, Kenya from the horsemen. We have a great
8 relationship with the horsemen, we believe. As you
9 may know, we purchased the racetrack in September of
10 last year, so we really worked together to make that a
11 winning partnership. And of course, the stakeholders,
12 our partners with our financial structure, Oak Tree,
13 Bill Paulos and his partners and so on. So, we've got
14 a good thing going and we're proud to share that with
15 you today.

16 The slide I wanted to go through the
17 names. Here's some of the folks you'll be hearing
18 from shortly. Larry Maggi, Commissioner here in
19 Washington County, Diana Ireya Vaughan, Commissioner
20 here in Washington County, Greg Sulc, Chairman of
21 North Strabane Township, Joe Forrester, President of
22 Community College. And I believe that all of our
23 table games training and preparation. A fantastic
24 team at the college. Jeff Kotula, always there in our
25 corner, Director --- President actually of the

1 Washington County Chamber of Commerce. William
2 McGowen, you'll hear from, Executive Director of
3 Redevelopment. He'll tell you how some of those
4 monies are being spent. Joe Manning, Councilman, past
5 Fire Chief of the City of Washington and Peg Wilson,
6 who represents the Greater Washington Food Corps.
7 These are the folks that are in the trenches with Chip
8 and Joe and all of us at the property, making sure
9 that we earn our license each and every year and that
10 we fight hard to maintain that respect that you've
11 afforded us.

12 Next, I wanted to just reiterate we
13 thought Bracken Burns might have got over the wire for
14 written testimony, but as you stated, Tim Solobay,
15 Mark Grimm and Ron Mader submitted testimony, written
16 testimony.

17 PRESIDING OFFICER:

18 Now, that doesn't mean it won't get
19 there ---

20 MR. SULLIVAN:

21 It might not make it, yeah.

22 PRESIDING OFFICER:

23 --- before tomorrow. We just didn't have
24 it before we left Harrisburg.

25 MR. SULLIVAN:

1 Okay. Well, hopefully it will show up.
2 But here's just a quick review of what The Meadows is.
3 And many of you have been there, many of you have
4 watched as we've added some of our amenities. But
5 first and foremost, table games is one of our most
6 recent additions. We did that in July, July 8th of
7 2010. These types of games, the traditional games
8 you'd find in Las Vegas style casinos and other
9 jurisdictions. We also have a poker room downstairs
10 at The Meadows next to the racetrack. We thought the
11 poker room, which is more of a paramutual-type betting
12 behavior connected with horse racing, paramutual-type
13 betting behavior was a more consistent connection.
14 So, the poker room is downstairs. The Highland, a
15 slot area, we continually challenge ourselves to raise
16 the bar with those better-betters that we have in our
17 family of customers.

18 The Adios Lounge, another area we spoke
19 about even recently last week, an area where those
20 better-betters can get away from the fray and get away
21 from the activity and take a break, watch a game, get
22 some food, get some beverage and enjoy the overall
23 experience of The Meadows. We have the Bistecca
24 Steakhouse upstairs, we have the Terrace Café. We
25 have a food court with a variety of offering. And

1 just added a new venue, the Flame Market Grill which
2 cooks healthy foods, from chickens to turkeys and
3 those kinds of things. We listen to our customers
4 with great interest and they told us give us something
5 healthy. Give us some alternative dining, not just
6 hot dogs and so on. So, you'll see that The Meadows
7 listens to all of its partners, and one of those
8 partners obviously is the Commonwealth and our
9 customers.

10 We have racing, as everyone knows. We're
11 technically a racino. We're proud of that. We enjoy
12 that. We've changed some things in racing that Mike
13 will talk to you a little bit about. And offer night
14 racing and some things that the customers have really
15 responded well to. We have a 24-lane bowling alley,
16 which, you know, adds to our overall desire to be a
17 destination entertainment center, not just casino or
18 not just racetrack.

19 Before I go further into some of the more
20 specifics of the casino, Mike is coming up and say a
21 couple words just on racing.

22 MR. JEANNOT:

23 Okay. Thank you, Sean. Good morning,
24 everyone. I want to tell you about horseracing and
25 just give you an update of where we've been the last

1 year and also some of the things that we're working on
2 now and some of the capital improvements that are
3 underway. This picture doesn't come across real well,
4 but it's a picture from inside of the track of the
5 Adios last year, which is our big race. And behind it
6 is something we never saw before, and that's a ton of
7 people in the stands. So, that was new to us. We're
8 happy about that. I'd also like to say I have a
9 probably unique perspective to this whole business,
10 because I came here in 1991 to open up the Ladbrokes'
11 Off-track Betting places. So, I saw the racing in
12 western Pennsylvania go way up. I saw slots come to
13 West Virginia. I saw a struggle and things kind of
14 settled for a while. And I'm happy to say that I'm
15 here to watch the resurgence of the horseracing. It's
16 really been a satisfying thing for me to see.

17 Last year, our on-track handle went up
18 4.1 percent. That's 2010 versus 2009. The signal
19 sales, which is the sales of The Meadows races around
20 the country, around the world, went up 16.1 percent,
21 2010 versus 2009. And basically that's because we
22 have a better traffic. We got better horses and
23 better races and we compete well against all the other
24 --- the product out there on TV.

25 We have saved 225 racing jobs, which is,

1 of course, to everybody a big, big deal. At one time
2 western Pennsylvania with Ladbrokes, we had, you know,
3 hundreds more than that, but as business eroded,
4 mostly because of West Virginia, a number of jobs went
5 down. But we saved 225 jobs, both at The Meadows and
6 four off-track betting locations.

7 The other thing we've done is to save 600
8 horsemen jobs. The horsemen are independent
9 contractors, but they have to have a place to race and
10 they rely on us for that. Those jobs have been
11 preserved.

12 And the last piece is our daily purses,
13 which is the prize money that goes to the winners of
14 the races, went from \$142,000 a day, probably closer
15 to 35 in the mid '90s up to \$150,000 a day today. And
16 that's something that's comprised both from the slot
17 money, a percentage of the gross internal revenue.
18 But it's also comprised of the paramutual purses,
19 which is the money earned on the handle every day.

20 Kim Hankins is here. He's our Executive
21 Director from the MSOA. And something that's happened
22 in the last few years that we didn't have before is
23 the relationship between the track and the horsemen.
24 It's been much more positive. We've both realized
25 that neither one of our groups can survive without the

1 other. So, I think we've worked quite well trying to
2 build the handle.

3 The other thing that Act 71 called for
4 was the \$5 million investment of the backside. And
5 we've taken some of the money and built the paddock
6 that opened up a few years ago. Well, right now this
7 is one of two barns that's about to open. We've got
8 six barns planned in total. And we plan to have the
9 next two completed by February of next year. We have
10 also put monies aside to renovate all of the barns in
11 the backside and all the property, repaving, all the
12 tons of things that go into taking care of the
13 backside. And again, I'll mention we've got --- and
14 with the MSOA, we've got --- this stuff has been a
15 whole lot easier than it used to be and things are
16 going quite well. So, that's my report.

17 MR. SULLIVAN:

18 Some exciting things, you know, from a
19 casino and racetrack perspective. This weekend, of
20 course, is a major opportunity for racing with the
21 Kentucky Derby. So, we've got lots of festivities.
22 Big screens out on the apron and we'll be showing the
23 Kentucky Derby. It's actually a huge pageant of hats
24 and everything else. It's very exciting stuff. So,
25 this weekend will be great.

1 Another thing that Mike's been working on
2 with the casino is connectivity of some of the
3 activities. This week he starts his Triple Crown of
4 Poker Tournament associated with the races. So,
5 they've actually got a poker tournament for each of
6 the three races. We do points for horseracing. So,
7 we're trying to meld and blend together each and ever
8 day racing and the casino experience. It's a tough
9 battle, not everybody wants to play slots that bets
10 horses and so on. And it's a challenging industry.
11 But there's no doubt, we're committed to improving
12 both, as exhibited by the investment in the backside
13 and by obviously Mike's team who fights every day to
14 get racing acknowledged even more.

15 Some of the economic figures that we
16 wanted to address are exhibited here on this slide.
17 And this is since the opening, June 2007. And through
18 March 31st, The Meadows has generated \$957.8 million.
19 Fifty-nine (59) percent of that \$958, we'll round it
20 up, million has been distributed to the Commonwealth
21 and to the Pennsylvania Racehorse Development Fund.
22 So, this is some serious money, some serious benefit
23 to the partnerships of horseracing and these tax
24 caviders (phonetic) we'll talk about. \$448 million in
25 taxes and fees and \$114 million in harness racing

1 purse funds makes that total. Broken out more
2 specifically, the Commonwealth of Pennsylvania has
3 received \$326 million, Washington County local share,
4 \$38 million, economic development \$48 million,
5 rounding, administrative fees to the Commonwealth \$16
6 million, North Strabane Township, \$1.2 million, local
7 share assessment \$17.6, Gaming License costs, \$51.7
8 million and then the purses for the Pennsylvania
9 Racehorse Development Fund, \$114 million. So, \$612
10 million, all in, that has been generated from The
11 Meadows for these partnerships, and we're proud of
12 that and all we want to do is see it get more and more
13 and bigger and bigger.

14 Table games entered our life last year,
15 July. And it's starting to make some inroads to those
16 kinds of numbers. Through, I would imagine, March
17 31st this year, we generated \$117 million in what they
18 call draw and win-related to that was \$23.5 million.
19 In addition, we paid \$20.6 million in taxes.
20 Commonwealth of Pennsylvania received \$3.3 million,
21 Washington local share, \$235,000, North Strabane,
22 \$235,000, administrative fees to the Commonwealth
23 \$350,000, Gaming License fees, \$16.5 million. As you
24 recall, that was cost of entry. So, the numbers are
25 growing. We couldn't be more pleased if they grow in

1 this category as well, you know, all rising tides
2 lifts all boats, I guess, is our philosophy. So,
3 meaningful statistics that we believe have helped in
4 many very meaningful ways.

5 Community support-wise and The Meadows,
6 I'm proud to be related to The Meadows, associated
7 with The Meadows, because the ownership, Bill Paulos
8 and Bill Wortman, absolutely challenge us each and
9 every day to support the community, support worthwhile
10 charity endeavors. We wish we could do more, but we
11 have done a substantial amount. Over \$1 million just
12 up through March 31st, shoot even through last week.
13 \$1 million has been generated and awarded to these
14 worthwhile charities. I won't go through all of them,
15 but obviously the Food Bank is one of our strong
16 partners. Women's Shelter, United Way. Very
17 worthwhile events and over \$1 million. Again, we
18 couldn't be more proud if we could get that up to \$2
19 million the next time we meet.

20 Neighborhood Partners is a program that
21 we've established with the support of the Board and
22 the industry. And what we do here is we buy gift
23 cards from various vendors and we award those gift
24 cards to people for playing slots and tables. So, it
25 allows them to take those cards and invest them in the

1 community. You can see, wow, they have those Giant
2 Eagle, all these folks receive participation of those
3 gift card programs. And they get a percentage of
4 donation for participating in our program. So, this
5 one's a tried and true one. Our customers love it.
6 They love to get Giant Eagle cards. They can use it
7 for gas. They can use it for prescriptions. They can
8 use it for groceries. So, it's really a nice
9 relationship to spread the gaming casino's activities
10 into the community.

11 Sustaining jobs, family-sustaining jobs.
12 Right now we're at about 1,223 employees. Eighty (80)
13 percent of them, I wrote this down on the side here,
14 are full-time positions and 13 percent are
15 part-time position and 6 percent are extra board. And
16 that fluctuates throughout the year, but if we looked
17 at it today, at a quick snapshot, we'd see those
18 numbers. And here's just a couple of the average
19 compensation by hour. Here's frontline positions,
20 gift shop \$10.50 an hour. All these, if they have
21 gratuities is in betting. Even though table games
22 starts at \$7.50 an hour, minimum wage right now,
23 they're earning \$28 an hour. That actually exceeded
24 what I believe our expectations were for the amount of
25 gratuities they receive. They're up to \$20 an hour.

1 We were --- I think, back in the table games
2 discussion, we were at \$12, \$15 range. So, folks are
3 making more than we even expected. And more power to
4 them. I mean, it's fantastic. But there's a few of
5 those positions. Not everything at The Meadows.

6 In addition to that, they get tremendous
7 benefits package. They get free meals every day in
8 the dining room. I think a lot of them more than one.
9 They get a 401(k) matching program. We pay for their
10 licensing fess. So, the numbers you saw our Gaming
11 Licenses, the ownership pays for. They have
12 comprehensive medical, dental and vision benefits.
13 And they have paid vacations. So, we're proud to be
14 able to offer a family-sustaining job to these folks.
15 And as we expand, and hopefully we expand, and we see
16 other amenities come to the property, we can lift that
17 number of 1,223 even higher.

18 Next, we talk about training. In this
19 industry, no matter what jurisdiction you're in, there
20 is lots of rules and regulations and we accept them
21 pridefully and we train to make sure we try to avoid
22 every and any potential issue. Alcohol awareness is
23 one of our strong training courses. We want to make
24 sure we serve alcohol responsibly. Casinos and
25 alcohol has been, you know, again for 50, 60 years.

1 We go to great steps to make sure that we teach our
2 servers, our bartenders, anybody who delivers a drink
3 to the guest, that they have TIPS training. That's a
4 program that's based on alcohol awareness.

5 We're extremely committed to compulsive
6 and problem gambling. We understand and accept that
7 there's a percentage of folks that shouldn't be
8 gambling as much as they should. We work diligently
9 to expose them to the 1-800 gambling program and to
10 become self-excluded if they should so desire to do
11 that. The list is growing and we manage it after that
12 by looking for them in the casino. At every cash
13 transaction and every cage transaction, we look for
14 them and we will tap them out if they're in the casino
15 and we'll turn them over to the State. The State will
16 talk to them, and the Gaming Control Board. And we'll
17 manage this. I mean, I'm not sure if there's an
18 industry that is so committed in its behavior than the
19 gaming industry. But we take pride in it and we talk
20 about it daily and we try to improve every single day.

21 The Betting Secrecy Act, Title 31, we
22 train on that diligently. Harassment and diversity,
23 we want to make sure we provide a safe environment for
24 our employees. Internal controls abound. Every
25 department has a unique set of internal controls. We

1 train on that strong. Fundamentals of management,
2 simple things like corrective counseling, discipline
3 policies, effective communications. It all starts by
4 having a coaching staff. And I consider myself just
5 the head coach to The Meadows. You met some of the
6 coaches that we have there. It's all about us being
7 able to coach people for career advancement and coach
8 people to be in an environment that we're in
9 compliance and we absolutely try to avoid any of those
10 issues up above, TIPs issues, compulsive gambling
11 issues and so on. So, those are some of the things.

12 Diversity, can touch on that. The
13 Meadows currently in the gender perspective, 49
14 percent of the workforce is female. In Washington
15 County as a comparison, it's almost 52 percent. And
16 41 percent of our management team is female.
17 Minorities, 6 percent of our workforce. Once again,
18 the comparative 4.8, almost 5 percent in Washington
19 County. And our management team is 5 percent.
20 Residency, 1,100, give or take, employees currently
21 reside in Pennsylvania. So, we take pride with that.

22 And then we also have vendor diversity.
23 We are conscious and we report regularly and we
24 discuss, are we working with, and I've heard the
25 humorous term, wibmib, but Women in Business and

1 Minorities in Business. And so we're very conscious
2 of that and did produce a report, in fact, last week.
3 And I think we do a good job in that category. As I
4 mentioned, The Meadows purchasing department
5 absolutely tries to improve those statistics.

6 Compulsive and problem gambling. As I
7 mentioned, we're committed. We have a detailed plan.
8 Mike Keelon absolutely reminds us each and every day,
9 he's the Director of Compliance, how important this
10 is. We train it. We study it. We understand it. We
11 do what we need to do with regards to putting up a
12 signage. We fight the daily challenge of minors
13 trying to get onto the casino. We deal with this, I
14 think, as aggressively as anybody I've ever worked
15 with in the 30 years I've been in the business. And I
16 think we do a good job. There's no question we have
17 challenges, but there's also no question we're
18 committed and we'll improve each and every
19 opportunity, we identify or have. But we do do the
20 signage, the brochures, the podiums, security podiums,
21 the ID cards swiped so we can test IDs. It's a very
22 large percentage of our daily-made problems,
23 especially on the weekends, especially during spring
24 break and especially during the summer, when minors
25 come from all angles.

1 Talk about challenges. What are some of
2 the challenges that The Meadows was faced with and how
3 did we respond? One was traffic. We have Racetrack
4 Road and then we have a narrow road up to the casino.
5 And we have had incidents, I can think, two summers
6 ago, with traffic. We had a very big challenge. Part
7 of it was Racetrack Road itself. Racetrack Road was
8 still in the process of being finalized from a
9 construction perspective with the retaining wall and
10 the construction going on up at Tanger and so on and
11 so on. I think we really handled that well. We met
12 with the State Police. We met with the North Strabane
13 Department, Police Department, and we had meetings and
14 we sat around and we talked. Well, listen, don't do
15 promotions on the most peak times to accelerate
16 traffic issues, you know. We talked about getting
17 police down at the stoplight and we managed traffic in
18 and out based on flow. We opened Johnson Road, which
19 is a back road, artery that's not used for
20 day-to-day traffic. But when we have major events or
21 concerts, we let them flow out that way, back down to
22 Racetrack Road. So, we haven't had the traffic
23 problems that we did once before that made the press
24 and everything else in a long time. We like traffic
25 problems, but we tried to mitigate those. We put our

1 promotions at different times and we try to day park
2 the weekends, if you will, over peak periods.

3 Power, this building was built like any
4 building, great design, great plan, and lo and behold
5 power issues daily, day and night. We had power
6 issues in our past that were absolutely frustrating
7 and challenging for the Commonwealth, for our
8 employees and very difficult. We've gone to a great
9 extent to address those issues. One is when they
10 program the generators, these four or five big
11 generators, a half a million dollars in generators,
12 they programmed them incorrectly. They had some of
13 the minor things being run, bathroom lights in the
14 executive office, when they had the slot machines not
15 connected. That seemed a little extremist. But we
16 went in and we properly load shared. So, when the
17 power went out, we absolutely had the emergency
18 services and the right services connected to it. We
19 also worked with Allegheny Power to identify how could
20 we get more stabilized power coming into the building.
21 There's two feeds that come from Allegheny Power to
22 the building. When one went out, we lost all power.
23 What we did is we worked with them, spent almost
24 \$100,000 in getting where if one went out, it
25 automatically switched off and shot the power to the

1 other artery coming into the casino. So, that was a
2 major step.

3 UPS. We've gone bonkers with UPS backup
4 power. We stabilized and bolstered in almost
5 everywhere you are in the building with UPS battery
6 backup. Enough time now to allow the automated switch
7 to click over and enough time to let the generators
8 click over. We had a couple power outages just in the
9 last 30 days where it was almost error free. I mean,
10 it was unbelievable. Things went extremely well. So,
11 we took that challenge and we invested properly and we
12 identified it and we resolved it, because it was
13 causing problems for everybody in our partnership.

14 Minors, still a challenge. You know,
15 minors try to get in. Minors, you know, guests that
16 don't understand the Pennsylvania regulations, that
17 minors shouldn't be in. You now, they go to Vegas,
18 minors are okay, you know. We have challenges. We
19 had our incidents. We try to mitigate those. We have
20 a very strong 20-point plan that tries to mitigate
21 these issues at every possible turn. We know we're
22 going to have minors, but the best thing is we know
23 that it's unlikely we're going to have minors actually
24 gambling and drinking with us. Where we have had our
25 hiccups is minors getting by our security program.

1 But we're very quick to identify them and we're quick
2 to pull them aside and correct that behavior. And a
3 lot of them have been toddler-related minors, you
4 know. We're not so vulnerable, you know, knock on
5 wood, to the teenagers or people under 21 trying to
6 gamble and drink. We've had our share, but we're
7 fighting it every single day. Those are a couple of
8 the challenges.

9 Violations, surely we've had our share.
10 We've had five Consent Agreements with OEC. We've
11 received 22 warning letters for various topics, such
12 as underage we just spoke about, access to the floor.
13 And as I mentioned, some of those are toddlers and
14 some of those are people with fantastic fake IDs and
15 some of those we just won't go into that.

16 Failure to provide Board with certain
17 notifications, certain issues regarding game
18 approvals, mainly promotional materials and
19 self-excluded. That hiccup happens every once in a
20 while. In the big scheme of things, they're all
21 critically important. They're absolutely important to
22 come up with plans to mitigate, but not a tremendous
23 amount of volume in these areas. But one is too many,
24 as we all know. Corrective actions have been taken
25 immediately to ensure compliance and more importantly

1 to set course so it doesn't happen again. And I think
2 we've been timely and we've always been the first to
3 self report. We've never tried to sweep something
4 under the rug. One thing Bill Paulos will tell you is
5 be honest and be truthful, don't worry about the
6 repercussions but don't ever try to disguise or hide
7 anything that happens in this category.

8 The best is yet to come. We thought we'd
9 just share with you a couple of things --- we were
10 actually in front of the Board on the 28th, last week.
11 We constantly move our floor. Chip can tell you, we
12 move our floor more than all the other casinos
13 combined. And we do it because our customers have
14 told us that it's the right thing to do. We do it
15 because of our data and our analysis that says it's
16 the right thing to do. So, these little boxes, if you
17 will, up in the left-hand, we're creating a new
18 structure for our high-end slot players. Down in the
19 right-hand corner, we're creating a lavish table games
20 area. And interestingly to show or exhibit our
21 partnership with the racehorse industry, in the
22 center, the smaller box, although it's extremely
23 important, is we're adding a race window to the casino
24 floor, so customers can actually wager near the food
25 court and near the concourse area where they actually

1 watch the races. Right now all the racing activity is
2 limited to downstairs. This brings it up to the
3 casino floor. We want to introduce racing more and
4 more to our customers. In our focus groups, they said
5 they want to see it in the restaurants on the TVs.
6 They want to hear it called out, not on the TV but
7 called out over the intercom system. So, we're really
8 gradually introducing racing more and more to our
9 experience. It is what makes The Meadows The Meadows
10 after all, The Meadows Racetrack and Casino and sure
11 we are a racino.

12 We are planning a parking garage, the box
13 on the left, and a multi-purpose center. If Bill
14 Paulos was here, he would pridefully tell you that he
15 was getting ready to invest \$25 million in improving
16 the facilities for all of us to increase revenues, to
17 enhance the guest experience and to even create more
18 jobs. I mean, these kinds of capital investments are
19 the things that drive us forward. We recently bought
20 22 acres at the bottom of the racetrack at the
21 Racetrack Road and the entrance to The Meadows. We're
22 putting in some parking spaces there, somewhere
23 between 450 and 550. I'm not sure how many when it's
24 all said and done, but the idea is to add more parking
25 and to make it more convenient to visit The Meadows

1 and help all of us. Temporary parking.

2 In addition, that 22 acres could be
3 developed and will be developed by outside investors,
4 outside developers, whether it's restaurateurs or
5 whether it's retail or whether it's office, whatever
6 the best use for that land is. Bill is actually on
7 the road today, why he couldn't be here, trying to
8 pursue that further. But Bill stepped up to the
9 plate, he bought that land, he's building the garage.
10 I think Bill has always said what he meant and meant
11 what he said. I think he's great to work for and he's
12 our leader and our inspiration and we're proud to be
13 associated with him.

14 In summary, the management ownership of
15 The Meadows is deeply committed to our partnership,
16 the folks I talked about. Again, we spent \$633
17 million in total taxes and purse contributions or
18 race-related monies, very substantial. We crossed
19 over the million dollar mark for charitable community
20 support. \$3.1 million, as we talked about in
21 neighborhood partners. We are at 1,200 employees and
22 growing. Family-sustaining jobs. The worst thing
23 that can happen to us is that we reduce jobs. That's
24 not in our culture. It's not the right morale for the
25 properties. So, we try to protect those and earn more

1 and more every day. We're committed to our compulsive
2 and problem gambling plan. We do have challenges,
3 there's no doubt. And we try to handle them straight
4 up without any shenanigans or anything else so that we
5 can --- we'll deal with the consequences, but most
6 importantly we'll try to mitigate those items from
7 happening over in the future. Our violations that we
8 had have been understood, accepted and mitigated.

9 The best is yet to come. As I mentioned,
10 Bill's planning on spending \$25 million. And I think
11 with that, we're just proud of The Meadows. We think
12 the last five years had been good for everybody, you
13 know. Challenges of courses. But at the end of the
14 day, the grade is high and that we're not taking a
15 rest here. We're going forward. We're going to spend
16 \$25 more million and we're going to make The Meadows
17 even stronger and hopefully one that is always
18 appreciated and well understood. So, thank you all
19 very much for your attendance and I appreciate it.

20 ATTORNEY JONES:

21 That completes our initial presentation.

22 PRESIDING OFFICER:

23 Thank you. Mr. Creany, any Cross
24 Examination of any of the witnesses?

25 ATTORNEY CREANY:

1 Yes, Director Lloyd. For the record, my
2 name is Barry Creany, C-R-E-A-N-Y. And my colleague
3 with me is Melissa Powers. We're with the OEC. And I
4 have a few questions on the very thorough coverage
5 that you gave, Mr. Sullivan. I wanted to just clarify
6 a couple things. And first, maybe this one's for Mr.
7 Jeannot. You had indicated your background and you've
8 been around for quite a while at The Meadows. You saw
9 it before and you see it now. Could you tell us to
10 contrast between that increase that you were, on one
11 of the slides, showing between 2009 and 2010? How
12 does the racing handle --- how does it reflect now to
13 what you've had prior to June of 2007 when the
14 temporary slot facility was opened?

15 MR. JEANNOT:

16 Back in the '90s?

17 ATTORNEY CREANY:

18 Yeah, I don't need, you know, exact
19 figures, but if you could just give us from the racing
20 standpoint how has it impacted racing?

21 MR. JEANNOT:

22 Well, clearly from the '90s, the handle
23 was up here. In the '90s the handle was up here and
24 as competition from West Virginia came and racing
25 struggled across the country, it went down

1 significantly. And now the slots has brought it back
2 probably somewhere in the middle. It's not back to
3 where it was originally.

4 ATTORNEY CREANY:

5 And not originally, but I'm just --- from
6 2004 when the Legislature passed ---

7 MR. JEANNOT:

8 Oh, I see.

9 ATTORNEY CREANY:

10 --- the Gaming Act, they wanted to know
11 --- or they wanted to assist the racing industry in
12 Pennsylvania. And can you give us a rough idea? Did
13 it decrease, increase? Where are we between maybe
14 2006 even, when the license was approved?

15 MR. JEANNOT:

16 Well, I can even go back to 2004. What
17 happened was the owners put some money into the purse
18 account knowing that the slot money would be coming.
19 They front loaded some, I guess is the best way to say
20 it. And the handle went up at that point in time.
21 So, between 2004 and 2009, the handle grew a bit.

22 ATTORNEY CREANY:

23 And has it been a steady rise since?

24 MR. JEANNOT:

25 It's a rocky road.

1 ATTORNEY CREANY:

2 Uh-huh (yes). I guess the rest would
3 probably be for Mr. Sullivan. You showed us the
4 community givebacks, the contributions that were
5 totaling more than \$1 million. I'm not sure what you
6 --- how that's comprised. Were those corporate
7 contributions, or are those employees or is it a mix?

8 MR. SULLIVAN:

9 No, they're most property level
10 contributions. For example, what actually kicked us
11 over to \$1 million was we had a --- we worked with the
12 Mel Blount Youth Foundation. On April 8th, he had his
13 annual roast in downtown. We called Mel and we said,
14 hey, Mel, we believe in your organization, your
15 foundation, how about if we tie a blackjack tournament
16 to it and all proceeds go to you. So, we wrote a
17 check to Mel. As a result of our customers paying an
18 entry fee for the tournament, \$30,000 was to the Mel
19 Youth Foundation. Even a week ago, we wrote a check
20 for \$56,000 to --- what's her name?

21 MS. POWERS:

22 Norma Mae Huggins.

23 MR. SULLIVAN:

24 Norma Mae Huggins, because we roasted the
25 head coach of the basketball team for West Virginia,

1 Bob Huggins. So, all of these are truly monies that
2 are donated in some shape or form from the property to
3 these worthwhile charities. Some of them go back
4 quite a ways. The voluntary fire department was the
5 initial proceeds from the slots. Table Games
6 Charitable Night went to the United Way, for example.
7 But no, they're real deal contributions to very
8 worthwhile local charities.

9 ATTORNEY CREANY:

10 And coming from the facility itself, more
11 than ---?

12 MR. SULLIVAN:

13 Yeah. Yeah.

14 ATTORNEY CREANY:

15 The other thing, when you had a slide
16 addressing challenges and it's a challenge for
17 everybody to have minors not accessing the gaming
18 floor. But I think this Cat 1 Category, you have a
19 particularly difficult challenge, in that racing
20 permits persons between 18 and up to access the racing
21 site. How have you dealt with that challenge of those
22 18 to 21-year-olds on your floor?

23 MR. SULLIVAN:

24 You know, short of a turnstile, we have a
25 very formidable entrance at each and every entrance.

1 And because you have multiple entrances, that
2 contributes. But we have a podium, we have two
3 security offices at that podium and sometimes three.
4 We have stanchions and we try to narrowly focus them
5 onto the property. But if you're checking IDs, if
6 there's something that you're working on and you lose
7 30 seconds, 10 seconds, it's shocking, but when we
8 watch these TIPS, a minor might get by, you know. So,
9 it happens and most of the racetrack, we send down one
10 specific entrance to the racetrack entrance. But the
11 real problem here is consumer awareness. You know,
12 people don't understand --- they understand minors
13 can't gamble and drink. I think they get that. And
14 the ones who do that are trying to trick you. But
15 there's people that walk in and they're on a legal
16 birthday party up at Bistecca, or they're on their way
17 to a party down in the bowling. They're looking for
18 the fastest, shortest course, you know. They're not
19 trying to gamble or drink. They know they shouldn't,
20 but they don't --- it's not common knowledge in most
21 jurisdictions that you cannot step on the floor. You
22 know, in Vegas you can walk through to the movie
23 theaters, to the restaurants all day long. So, it's a
24 tough battle. It's one of education for the
25 community. And we've talked with Doug and others to

1 see if we can raise that level of knowledge. And then
2 we just, of course, try to focus anybody that's 18
3 years old down to the race book, through there, but
4 sometimes they don't listen to us.

5 ATTORNEY CREANY:

6 Okay. There was just one final question
7 I had. When you were in the area of future
8 developments and we had hearing last week on the most
9 recently approved OP 15. And I was wondering --- I
10 think you addressed this at the hearing last week, but
11 just to be clear. How will that impact your
12 employment at The Meadows? Do you anticipate
13 increases, decreases or is it going to remain neutral?

14 MR. SULLIVAN:

15 We anticipate zero decreases for sure.
16 And in fact, because we're adding table games, we know
17 there will be increases. There'll be more dealers
18 hired. But I also believe, even though in our
19 testimony we said reducing the machines will not
20 change the revenues, we'll still have the same annual
21 DTR and the same tax contribution, I truly believe
22 that offering this type of better guest experiences,
23 this is the enhanced experience, will lift the
24 revenues at The Meadows and therefore, no need
25 whatsoever to consider reductions in employment.

1 ATTORNEY CREANY:

2 Thank you very much. I have no further
3 questions, Director Lloyd.

4 PRESIDING OFFICER:

5 Do you have any follow-up, Ms. Jones?

6 ATTORNEY JONES:

7 No.

8 PRESIDING OFFICER:

9 Questions from Board members?

10 MR. GINTY:

11 I have for Mr. Jeannot. Can you put the
12 \$150,000 daily purse in some kind of perspective
13 formally? Where does that rank in --- with the tracks
14 draw kind of thing?

15 MR. JEANNOT:

16 Northfield in Ohio, they race for about
17 \$20,000 a day. At Yonkers in New York, they race for
18 approximately \$200,000 a day. So, we're in the upper,
19 you know, 25 percent.

20 MR. GINTY:

21 And would Yonkers be at the top of the
22 list?

23 MR. JEANNOT:

24 Right now, they're at --- right now they
25 are because of slot machines. They have the same

1 suit. They have slot machines in New York and
2 horseracing gets a piece of that.

3 MR. GINTY:

4 And are you attracting the top busses in
5 the country and ---?

6 MR. JEANNOT:

7 The balance is to take care of
8 Pennsylvania horsemen and trainers and people who have
9 been here, you know, for the last 20 years, like me,
10 with bringing in the best trainers, the best horses.
11 So, we kind of go through a balancing act with that
12 every week, deciding who comes in, because they have
13 to apply to the track and then we make the decisions.
14 But certainly the drivers that race at the track are a
15 much enhanced colony than they were before slots.

16 MR. GINTY:

17 One last question, demographics. Are you
18 seeing a different mix of people who go up to watch
19 the races?

20 MR. JEANNOT:

21 We see some younger people. It's not
22 dramatic. We see some on weekends, because they're
23 racing Friday nights now. We have big efforts into
24 website and Facebook and things like that to attract
25 younger people. I would say we're ten percent of the

1 way there. Anything more than that would be --- it's
2 a tough business to attract younger people to.

3 MR. GINTY:

4 I just had a concern, I've asked this
5 question before, is that an awful lot of money is
6 going into the horseracing industry from casino taxes.

7 MR. JEANNOT:

8 Uh-huh (yes).

9 MR. GINTY:

10 And yet if something isn't done to ramp
11 up the age of your viewers, I'm not sure that money is
12 going to happen.

13 MR. JEANNOT:

14 Well, that clearly is our big challenge.
15 When we just had slot machines in the building, you
16 know, we have the same situation, but the life is
17 going to be, you know, a lot longer. Table games
18 brought new life to the casino business. And poker
19 downstairs with the race book has helped a little bit.
20 But that is the constant challenge and to be
21 determined whether or not racing will be successful or
22 not.

23 MR. GINTY:

24 Thank you.

25 CHAIRMAN:

1 A question for Mr. Jeannot first and then
2 Mr. Sullivan. Mike, on the timing of races, that is
3 the day, the hour of the day, ---

4 MR. JEANNOT:

5 Uh-huh (yes).

6 CHAIRMAN:

7 --- you race Friday nights, you
8 mentioned?

9 MR. JEANNOT:

10 Right now, we're racing Monday day,
11 Tuesday day, Wednesday night and Friday night.

12 CHAIRMAN:

13 All right. And do you find that racing
14 Friday nights versus Friday afternoons is helpful to
15 drive a crowd or do you have issues with crowd control
16 because it's Friday night and you have lot of slot
17 play and maybe table game play Friday night? Just
18 talk about that dynamic. And just to lay my cards on
19 the table, no pun intended, but you know, we've heard
20 from other properties that, you know, they're looking
21 at that and maybe switching, now they're not doing
22 nighttime racing for different reasons. My gut tells
23 me that that's not the right thing to do. But why
24 don't you, as the expert, tell me what your thoughts
25 are?

1 MR. JEANNOT:

2 I believe Poconos raced days for a year
3 and then they moved to evenings, you know, including
4 weekends, so they've kind of had the experience of
5 all. When we first opened up, we raced days because
6 of getting the casino, you know, kind of organized and
7 the traffic and kind of finding our legs. And then
8 last year based upon input from patrons, players, we
9 moved to Friday nights and --- well, we had raced
10 Wednesday nights before, but we added Friday nights
11 going into 2011. And it's our intention to race
12 through the first three quarters and then evaluate it.
13 I can tell you something that's very fresh in my mind,
14 yesterday Tuesday afternoon, we handled \$829,000,
15 which is a big day for The Meadows. On Friday
16 evening, we handled \$277,000. So, for me the
17 economics is a big --- you know, is the big driving
18 force. Certainly, during the week, during the day
19 there's less competition. When you're racing Friday
20 night and Saturday night, you're racing against lots
21 of other tracks and that --- you know, that's what
22 determines your handle.

23 CHAIRMAN:

24 That's interesting. Thank you. And Mr.
25 Sullivan, on page 13, you walked through the average

1 salary or average compensation for the different folks
2 working in the different areas of the casino. Could
3 you just give us --- and I don't expect an answer now.
4 But looking at full-time employees, and not the
5 part-time --- but out of the 1,233 (sic) employees,
6 full-time employees, could you provide to the Board
7 the average salary of folks working at The Meadows?
8 So, including your salary, Mike's and then everybody
9 down to the card shop to the valets, just an average
10 salary, excluding benefits? If you could get that
11 number to the Board, that would be helpful.

12 MR. SULLIVAN:

13 Perfect.

14 CHAIRMAN:

15 Thank you.

16 PRESIDING OFFICER:

17 Any follow-up questions?

18 ATTORNEY JONES:

19 No, thank you.

20 PRESIDING OFFICER:

21 Okay. We will turn to the OEC for their
22 presentation.

23 OFF RECORD DISCUSSION

24 ATTORNEY CREANY:

25 Commissioners, as I've introduced myself,

1 Barry Creany with the OEC, and co-Counsel Melissa
2 Powers, we'd like to present some testimony today.
3 And wanted to introduce that pursuant to the Gaming
4 Act, the Bureau of Investigation and Enforcement was
5 established within the Gaming Control Board to perform
6 various functions, including the review and
7 investigation of all applicants. The OEC was
8 established within the BIE as the prosecutor for all
9 non-criminal enforcement actions and to advise the BIE
10 on all matters, including the granting of licenses.

11 Washington Trotting was approved for its
12 Category 1 Slot Machine License on December 20th,
13 2006, and the company filed its renewal application in
14 a timely manner. Provided in the Gaming Act, its
15 license will continue in effect until the Board makes
16 a determination on the disposition of that annual
17 application.

18 The Meadows is in a very unique situation
19 here in western Pennsylvania because racing has always
20 been a part of the area of North Strabane Township,
21 yet the Gaming Act we believe has had significant
22 impacts on the area and we heard in the presentation
23 from The Meadows today, some of that impact on both
24 the racing side and on the immediate side of The
25 Meadows business. But The Meadows has come through a

1 temporary casino opening in 2007, then they undertook
2 the demolition of the old grandstand for the racetrack
3 and immediate construction of a permanent casino which
4 opened in 2009. Last summer, they were approved for
5 their Cable Game Operation Certificate. And the
6 company continues to look forward for additional
7 development of the venue, as was presented in today's
8 testimony.

9 All of this has been accomplished in,
10 perhaps, the most regulated business environment in
11 the Commonwealth. And while regulatory oversight may
12 not be apparent to the general public, we've asked a
13 number of witnesses that participate in the law
14 enforcement and regulatory roles to come in today to
15 address this body and provide them with information.
16 Public protection was the paramount concern of the
17 Legislature when the Gaming Act was passed, and it
18 remains the foremost concern to the Gaming Control
19 Board. Prior to 2006, many feared that gaming would
20 have negative impacts on the community by way of
21 increased crime and harm individuals with gaming
22 addictions, with gambling addictions. Several
23 agencies worked together to address these public
24 protection concerns and today, we would like to
25 present testimony and documentary evidence relative to

1 the renewal application of the Presque Isle --- or
2 excuse me, of --- strike that --- of The Meadows.

3 First, I'd like to call as a witness,
4 Lieutenant William Gordon from the Pennsylvania State
5 Police.

6 -----
7 LIEUTENANT WILLIAM L. GORDON, HAVING BEEN PREVIOUSLY
8 SWORN, TESTIFIED AS FOLLOWS:

9 -----
10 DIRECT EXAMINATION

11 BY ATTORNEY CREANY:

12 Q. Good morning, Lieutenant Gordon. Could you please
13 state your full name and spell the last name for the
14 record?

15 A. Lieutenant William L. Gordon, G-O-R-D-O-N.

16 Q. In what capacity are you currently employed,
17 Lieutenant Gordon?

18 A. I'm the Western Section Commander for the
19 Pennsylvania State Police Gaming Enforcement Office.

20 Q. Prior to assuming this position, what's your
21 background, training and experience?

22 A. I came on the job 25 years ago and was in
23 Washington County for a year and a half, lived five
24 minutes from the casino when I first came on the job.
25 I worked my way back home. I was in Warren County as

1 a station commander sergeant for seven years prior to
2 making the rank of lieutenant. And in January 27th,
3 2007, I took this job.

4 Q. What is your responsibilities within the
5 Pennsylvania State Police Gaming Enforcement Office?

6 A. I supervise our troopers that are in five of the
7 casinos in Pennsylvania. We have 11 troopers in each
8 casino, a sergeant, two corporals and eight troopers
9 in each casino, and I supervise them.

10 Q. Could you briefly describe for the Board the role
11 that the Pennsylvania State Police serves within the
12 overall law enforcement policing in the casino?

13 A. Background investigations and also we do
14 fingerprintings of the casino employees as well as the
15 horsemen. And do police work relative to any crimes
16 that happen on the gaming floor in the casino.

17 Q. And I think you alluded to it, but you say you
18 have units within the casinos themselves?

19 A. Correct.

20 Q. In all of our casinos you're providing law
21 enforcement coverage?

22 A. As per Act 71, we investigate all crimes on the
23 gaming floor in Pennsylvania.

24 Q. And with respect to The Meadows, does it present
25 any particular problems for the Pennsylvania State

1 Police in terms of coverage?

2 A. No, it's a normal casino as far as Pennsylvania
3 goes.

4 Q. Your role then is more in line with just coverage
5 of criminal activity in the casinos?

6 A. That takes up some of our time and the rest of the
7 time --- actually fingerprinting the employees and the
8 horsemen take up a good bit of our time also.

9 Q. I understand. And with respect to that, is the
10 coverage beyond the casino itself for your units in
11 The Meadows?

12 A. We only take care of the gaming floor. The
13 outside of the casino, any of the public areas that
14 aren't actually gaming floor, are handled by the local
15 police department, North Strabane Township.

16 Q. And do you work cooperatively with them if there's
17 an issue that's outside the gaming floor that comes to
18 the State Police initially?

19 A. Yes, we help them with everything in relationship.

20 Q. Does the Pennsylvania State Police maintain
21 records of any criminal activity that takes place
22 within the casino?

23 A. Yes, we do.

24 Q. And I'd like to turn your attention to an exhibit
25 that's been displayed on the wall. Please identify

1 that for the record.

2 A. That would be the last two years of the UCRs,
3 Uniform Crime Reporting, for specifically the casino,
4 The Meadows.

5 Q. And this is a public document that the State
6 Police produces?

7 A. Yes, it is.

8 Q. Where's it accessible to the public?

9 A. You can find that information at
10 www.UCR.state.pa.us.

11 Q. Lieutenant Gordon, there's a number of columns
12 that are running across that exhibit. There's years
13 2009 and 2010. But each column is headed with
14 different terms. One's the offenses known, the middle
15 column is actual offenses and then there's a clear
16 offenses. Can you please describe what those terms
17 mean?

18 A. Known offenses would be the ones that initially
19 come in and how they're reported to us. Actual
20 offenses would be leading out to unfounded offenses,
21 offenses that we eventually find are --- did not
22 happen or mistakenly not being reported to this. And
23 the clear offenses would be the ones that we would
24 make arrests in or the victim does not wish to pursue.

25 Q. Now, maybe just looking then to the 2010 actual

1 offenses, there's a lot of numbers running down into
2 categories to the left for the different types of
3 criminal activity. I'd like you to sort of lay out,
4 as best you can, what type of activity are you seeing
5 that results in criminal charges within the casino?

6 PRESIDING OFFICER:

7 Excuse me, could you both speak up a
8 little bit? The court reporter is having a ---

9 ATTORNEY CREANY:

10 Sorry.

11 PRESIDING OFFICER:

12 --- problem hearing you.

13 OFF RECORD DISCUSSION

14 A. Okay. The offenses we handled most would be
15 what's listed as larceny, theft offenses. And that
16 would be your voucher thefts, generally.

17 BY ATTORNEY CREANY:

18 Q. Okay. Can you explain what voucher theft is?

19 A. Either someone will leave a voucher in the machine
20 and go to --- and start playing another machine and
21 someone will come along and take it. Or they'll drop
22 it on the floor and someone will come along and pick
23 it up and they'll cash it.

24 Q. Any other type of offenses that are more common
25 that you've seen in the casinos?

1 A. That would be the majority of the offenses that we
2 deal with. I believe you're looking at probably the
3 next most common thing you would be seeing would be
4 your forgery offenses. And very seldom --- you know,
5 we get those more or less after the fact, after
6 they're in the count room or something like that.

7 Q. What about other activity that's listed? There's
8 a category that says all other offenses that has a
9 number listed for 2010, actual 14.

10 A. Those would be --- and you can see the bump up
11 between 2009 and 2010. Those would be your table game
12 offenses, Title IV, underagers on the floor. That
13 would be why the difference is in those two numbers
14 from 2009 to 2010.

15 Q. And where would it appear that there was some
16 cheating --- excuse me, beyond that cheating offenses,
17 any underage trespass offenses? Where do you have
18 those?

19 A. They would be also under that 260.

20 Q. Now, do all of the offenses that are shown on this
21 Uniformed Crime Report end up in prosecutions?

22 A. No. Very few actually end up in prosecution.

23 Q. Well, from these statistics, is it possible to
24 make --- to draw any conclusions relative to the
25 impact that the casinos have had on the local area?

1 A. From what we see, the casinos have very little
2 impact on the area, as far as crime goes.

3 Q. Could you please describe for us the relationship
4 that your troopers in the casinos have with the staff
5 of the The Meadows, and particularly the surveillance
6 and the executive management team?

7 A. They have been very cooperative with everything
8 that we've done. And anything we need, they take care
9 of immediately for us.

10 Q. Are you generally satisfied with the level of
11 cooperation you've been given?

12 A. Yes.

13 Q. Do you have anything further you'd like to add
14 today?

15 A. No.

16 ATTORNEY CREANY:

17 No further questions of this witness.

18 PRESIDING OFFICER:

19 Ms. Jones?

20 ATTORNEY JONES:

21 We just have one question.

22 CROSS EXAMINATION

23 BY ATTORNEY JONES:

24 Q. Lieutenant, on the forgery and counterfeiting on
25 the reporting, what is the majority, are they mostly

1 counterfeit checks or counterfeit bills that come in
2 or is it forged checks? Where do you see the
3 percentage there?

4 A. No, there would be a very high percentage that
5 they're just counterfeit bills that you would come
6 across in your count room.

7 ATTORNEY JONES:

8 Thank you. That's all.

9 ATTORNEY CREANY:

10 Next I would like to call --- are there
11 any questions from the Board?

12 PRESIDING OFFICER:

13 No.

14 ATTORNEY CREANY:

15 Next I'd like to call Jerry Stoll.

16 -----

17 JERRY STOLL, HAVING BEEN PREVIOUSLY SWORN, TESTIFIED
18 AS FOLLOWS:

19 -----

20 DIRECT EXAMINATION

21 BY ATTORNEY CREANY:

22 Q. Good morning, Mr. Stoll, would you please identify
23 your name and spell your last name for the record?

24 A. It's Stoll, S-T-O-L-L.

25 Q. And in what capacity are you currently employed?

1 A. I'm the Director of the Bureau of Casino
2 Compliance for the Gaming Board.

3 Q. Prior to taking that position, Mr. Stoll, what was
4 your training, background and experience?

5 A. I started out in the State of New Jersey as a
6 trooper in 1977. After six years on the road, I was
7 assigned to the Division of Gaming Enforcement as the
8 entity that regulates the casinos in Atlantic City,
9 '83 to 2005. And at the end of my career, 2005, I was
10 responsible for all the criminal investigations that
11 were generated of any significance out of Atlantic
12 City. I retired as a lieutenant. And in January
13 2006, I took a position with the Gaming Board.

14 Q. And while you've been with the Gaming Board, have
15 you been primarily employed within the Bureau of
16 Casino Compliance?

17 A. Yes. I was originally hired with the BIE as an
18 investigator and then as the casinos opened, there was
19 a splitting and the Bureau of Casino Compliance was
20 formed. And I was one of the original members of
21 that.

22 Q. Could you give me a brief description of what your
23 responsibilities are as Director of the Casino
24 Compliance?

25 A. Yeah. My responsibilities include, you know, fair

1 and balanced coverage of our regulatory responsibility
2 throughout the Commonwealth. We have ten sites that
3 my intent and my, you know, desire is to have
4 everybody treated level and the same throughout the
5 casino industry, the rules to be interpreted in one
6 fashion for all.

7 Q. And how do you go about covering the casinos?

8 A. I have a staff of one supervisor plus nine casino
9 compliance representatives available at each location,
10 and they cover the casinos for 24/7 responsibility,
11 365 days a year.

12 Q. Can you give us just a brief description of some
13 of the responsibilities that they handle within the
14 casinos?

15 A. Yes. Since the implementation of table games, our
16 responsibilities have increased. You know, now we
17 play a role in the collection of the table game drop
18 and also the identification of the tax responsibility
19 that's in the count process. So, we're intimately
20 involved in that. You know, we have a role of a, you
21 know, conduit for communication from the property to
22 Harrisburg. You know, we deal intimately with all of
23 our bureaus within the Gaming Board. You know, we
24 interact daily with table games staff, security,
25 surveillance. We just try to provide for the best

1 practices for the casinos to accomplish their
2 challenges and we just, you know, do what we can to
3 uphold our partnership.

4 Q. And you were sitting here when they gave a
5 presentation today, and I think it was Mr. Sullivan
6 alluded to the fact that Chip Lanks, Charles Lanks, is
7 fairly busy with moving it forward and such. But is
8 it fair to say that you're basically the eyes and ears
9 in the casino for the Gaming Control Board?

10 A. It would be correct to say.

11 Q. And from the experience you've had since the
12 opening of the temporary in 2007, what has the
13 relationship between the casino compliance people and
14 the property been?

15 A. It's been a very cooperative relationship, you
16 know, total communication. And you know, we function
17 as members of the same team. Our goal is the same.
18 We try to, you know, enable the success of the
19 property.

20 Q. Mr. Sullivan, in his presentation, was talking
21 about self-reporting. And I just want to ask you, are
22 you aware of any incidences where your organization
23 has not obtained information from the property in a
24 prompt manner or upon request?

25 A. No.

1 Q. And could you give us an idea of the interaction
2 between the casino compliance representatives and
3 State Police who area also stationed in the casinos?

4 A. Yeah, the --- you know, there is --- actually,
5 it's a very, very cooperative and professional
6 relationship. You know, we are actually, you know,
7 partners. You know, when we identify issues of a
8 criminal nature, we'll do an immediate referral to the
9 State Police. And likewise, when the State Police
10 conduct an investigation that they believe to be
11 criminal and find to be regulatory, they'll refer that
12 to us for investigation immediately. You know, it's a
13 very professional relationship, a very cooperative
14 relationship and you know, it's --- I think we work
15 well together.

16 Q. And would it be fair to say that you're both
17 monitoring the activity, one from the criminal
18 standpoint and you're for more of the regulatory and
19 the compliance within internal controls and other
20 aspects of the casino operation?

21 A. That would be correct.

22 Q. Are there --- from your perspective of the Bureau
23 of Consumer (sic) Compliance, are there any issues or
24 concerns that the casino has not addressed which you
25 believed need to be addressed prior to the renewal of

1 its application?

2 A. No. The casino has been very responsive on, you
3 know, all issues and actually sought out our, you
4 know, cooperation and our thoughts. And they've been
5 very responsive and, you know, willing and able to
6 address, you know, situations that are --- you know,
7 have some negative impact on the industry.

8 Q. Okay.

9 ATTORNEY CREANY:

10 Thank you. I have no further questions
11 of Mr. Stoll. I turn him over to the Cross
12 Examination and questions from the Board.

13 ATTORNEY JONES:

14 No questions.

15 A. Thank you.

16 ATTORNEY CREANY:

17 OEC would like to call its next witness,
18 Elizabeth Lanza.

19 -----

20 ELIZABETH LANZA, HAVING BEEN PREVIOUSLY SWORN,
21 TESTIFIED AS FOLLOWS;

22 -----

23 DIRECT EXAMINATION

24 BY ATTORNEY CREANY:

25 Q. Good morning, Ms. Lanza, would you please state

1 your name for the record and spell the last name?

2 A. Sure. Elizabeth Lanza, L-A-N-Z-A.

3 Q. Ms. Lanza, in what capacity are you currently
4 employed?

5 A. I am the Director of the Office of Compulsive and
6 Problem Gambling for the Pennsylvania Gaming Control
7 Board.

8 Q. Can you please give us a summary of your
9 educational background and experience prior to taking
10 this position?

11 A. Sure. I graduated from Pennsylvania State
12 University with a Bachelor's degree in Public Policy.
13 I worked for the Lottery for a couple of years. And
14 then in 2005, I started working for the Board. In
15 2007, I started working for the office.

16 Q. Could you give us a brief understanding of what
17 your duties are as the Director of the Office of
18 Compulsive and Problem Gambling?

19 A. Sure. Each facility has a Compulsive and Problem
20 Gambling Plan. And I am the individual who approves
21 these plans and any amendments to the plan, as well as
22 my office and myself maintain the self-exclusion
23 program of the Board, as well as the exclusion list.
24 I also interact and collaborate with other state
25 agencies and other compulsive gambling organizations

1 statewide and nationwide. And another very important
2 aspect of my job and other employees in my office is
3 we're in contact with the public on a daily basis
4 regarding compulsive and problem gambling.

5 Q. Now, you mentioned the Compulsive and Problem
6 Gambling Plans. Are these plans in place at The
7 Meadows currently?

8 A. Yes.

9 Q. And does a plan need to be in place prior to the
10 commencement of gaming?

11 A. Yes.

12 Q. And who is it that approves the plans?

13 A. I approve the plans.

14 Q. And in your summary, you mentioned people with
15 compulsive or problem gambling issues, is this
16 recognized as an addiction?

17 A. Yes, it is an addiction. About one to three
18 percent of the population is afflicted with the
19 addiction.

20 Q. And how --- since the roll out of gambling in
21 Pennsylvania, how has the Board gone about addressing
22 both the prevention of these problems and also making
23 the treatments available?

24 A. There's about \$2 million or more a year from
25 gaming monies that go to Department of Health, who

1 have treatment providers that are funded by the gaming
2 monies. The Board had created the self-exclusion
3 program, which is maintained by my office and it is a
4 program where compulsive gamblers come to us. They
5 put their name on the self-exclusion list and they're
6 basically banning themselves from entering any of the
7 Pennsylvania casinos for a certain amount of time. If
8 they are caught in the casino while they are on the
9 self-exclusion list, they will be subject to arrest
10 for trespass, and any winnings found on the person
11 will be remitted to the Board.

12 Q. Ms. Lanza, could you give us a good idea of what
13 is instilled in a compulsive and problem gambler?
14 What are the aspects of that that you look for?

15 A. There are several aspects. Training is a big part
16 of the plan. Each employee of every casino must be
17 trained on responsible gaming and compulsive and
18 problem gambling, the signs and symptoms, as well as
19 the prevention of underage, intoxicated, self-excluded
20 persons and excluded persons, prevention of them from
21 gambling. There is also the goals of the plan, the
22 --- who is responsible, what employees are
23 responsible for the plan, the cost of the plan are in
24 the plan as well.

25 Q. But in addition to that, are there other measures

1 that the Gaming Control Board has put in place in
2 order to make these treatments available to the
3 public, people that have a gambling --- a compulsive
4 gambling problem? Are there signages and other
5 measures that make it apparent that these are
6 available?

7 A. Yes. At the facility there are signs posted with
8 the helpline number, a helpline number that --- a
9 Pennsylvania helpline number. There's a few within
10 the state. And each facility must post signs with
11 their problem gambling statement, which consists of a
12 phrase and a helpline number, such as gambling
13 problem, call 1-800-GAMBLER. There must be at least
14 20 of these signs located within each facility. Each
15 ATM machine must have one of these signs and also
16 there must be a sign with the problem gambling
17 statement within 20 --- excuse me, 50 feet of each
18 entrance and exit.

19 Q. Now, turning your attention to The Meadows
20 specifically, how will you characterize the
21 relationship between your office and The Meadows'
22 organization?

23 A. We have a good relationship. I speak with Mr.
24 Keelon frequently to discuss their plan and different
25 aspects of their plan. Any questions he has, he comes

1 to me. Any questions I have, I go to him.

2 Q. And currently are you satisfied with the training
3 and the signage and are you satisfied with the
4 recording that The Meadows has been doing within this
5 renewal period?

6 A. Yes.

7 Q. Are you aware of any areas of non-compliance by
8 The Meadows with respect to matters involved in the
9 --- that comes to the Office of Compulsive and Problem
10 Gambling?

11 A. No.

12 Q. And do you have any issues or concerns that you
13 believe need to be addressed prior to the renewal of
14 the License for The Meadows?

15 A. No, I do not.

16 Q. Is there anything further you'd like to add?

17 A. No.

18 ATTORNEY CREANY:

19 I have nothing further for this witness.

20 ATTORNEY JONES:

21 No thank you.

22 PRESIDING OFFICER:

23 Thank you. Moving on.

24 ATTORNEY CREANY:

25 OEC would like to call its next witness,

1 David Bryga.

2 -----

3 DAVID BRYGA, HAVING BEEN PREVIOUSLY SWORN, TESTIFIED
4 AS FOLLOWS:

5 -----

6 DIRECT EXAMINATION

7 BY ATTORNEY CREANY:

8 Q. Good morning, Mr. Bryga, will you please identify
9 yourself for the record and spell your last name?

10 A. David Bryga, B-R-Y-G-A.

11 Q. In what capacity are you currently employed, Mr.
12 Bryga?

13 A. I'm an investigative agent with the BIE of the
14 PGCB.

15 Q. Could you briefly give us your educational
16 background, your training and experience that you have
17 prior to joining the Gaming Control Board?

18 A. Yes. I have a Bachelor's degree in Accounting
19 from IUP. In 2004, my MBA. Prior to coming to the
20 Pennsylvania Gaming Control Board, I had previous 20
21 years of experience in accounting and managerial
22 experience in the hospitality industry.

23 Q. Thank you, Mr. Bryga. Briefly describe the duties
24 that you have as an agent of the BIE.

25 A. We conduct background investigations on all

1 individuals and entities who are applying for a gaming
2 license permit or certification with the Gaming
3 Control Board, as well as any other miscellaneous
4 investigations that may be assigned to us related to
5 any activity at the casino.

6 Q. And in your capacity as an agent for the BIE, are
7 you assigned to be the case agent for The Meadows
8 background investigations?

9 A. Yes, I was assigned as case agent in July of 2010.

10 Q. Now, what is entailed in a background
11 investigation for an Applicant in a renewal situation
12 like this?

13 A. We examine an Applicant's history for any criminal
14 activity, civil litigation, regulatory compliance, any
15 bankruptcy activity. We also search for --- see if
16 the Applicant has made any political contributions as
17 well as reviews the Applicant's finances and taxes.

18 Q. Mr. Bryga, has the BIE completed its background
19 investigation of The Meadows renewal application?

20 A. Not at this time.

21 Q. When do you expect that the background
22 investigation will be completed?

23 A. The investigative reports are being finalized ---
24 in the process of being finalized. Once they are
25 complete, the OEC will prepare a background

1 investigative report, which will be submitted to the
2 Board. I'm not certain I can give an exact date of
3 when that will be complete, but would anticipate OEC
4 of having that ready for submission to the Board
5 probably sometime in the middle of June.

6 Q. Mr. Bryga, is there anything further you would
7 like to add at this time?

8 A. Not at this time.

9 ATTORNEY CREANY:

10 Thank you very much.

11 ATTORNEY JONES:

12 No questions. Thank you.

13 ATTORNEY CREANY:

14 Director Lloyd, that concludes the
15 testimonial portion of our presentation. At this
16 time, I'd just like to introduce my colleague in the
17 documentary side of what we're going to be submitting
18 today. All businesses encounter challenges and
19 problems along the way and the casino business is no
20 different. And we had heard from that by the
21 presentation that Sean Sullivan gave today, that
22 they're looking to work on those challenges, which is
23 a never-ending task. It's day to day something new.
24 There has been a number of formal actions instituted
25 by the OEC, and they actually presented a good

1 understanding of what that entails.

2 But at this time, I'd just like to say
3 that effective businesses, such as casinos, meet their
4 challenges and adapt to their environment and they
5 overcome their problems. Self-reporting and accepting
6 responsibility when appropriate is a hallmark of a
7 good gaming operator. Washington Trotting has worked
8 amicably to resolve problems encountered --- that they
9 have encountered during the course of this renewal
10 period.

11 At this time, I'd like to introduce
12 Assistant Enforcement Counsel Melissa Powers, who will
13 introduce the documents that we'd like to offer into
14 the record.

15 ATTORNEY POWERS:

16 That's Powers, P-O-W-E-R-S. The OEC and
17 Washington Trotting Association have entered into a
18 stipulation with regard to WTA's enforcement history.
19 That history includes five Consent Agreements, 23
20 warning letters and WTA's response to the warning
21 letters. And also, one Compliance Assessment Report
22 issued by the Board's Bureau of Gaming Operations.
23 Each item has been numbered 1 through 29 and is
24 included in the OEC's Exhibit A. Confidential items
25 have been marked as such. And I would like the record

1 to reflect that we have provided opposing Counsel with
2 a copy of the exhibit and we have a copy for your
3 review.

4 (OEC's Exhibit A marked for
5 identification.)

6 ATTORNEY JONES:

7 No objection.

8 PRESIDING OFFICER:

9 No objection? We'll enter Exhibits 1
10 through 29 into the record from OEC. And then a
11 housekeeping matter, Ms. Jones would like to enter the
12 PowerPoint as WTA Exhibit Number One?

13 (WTA's Exhibit Number One marked for
14 identification.)

15 ATTORNEY JONES:

16 Yes, Director.

17 PRESIDING OFFICER:

18 Okay. We'll enter that into the record.

19 ATTORNEY CREANY:

20 No objection.

21 PRESIDING OFFICER:

22 That concludes the OEC's presentation?

23 Any ---?

24 ATTORNEY JONES:

25 Director Lloyd, I do have one other

1 matter. Commissioner Irey Vaughan had to leave. She
2 was listed as a speaker. And I do have written
3 comments. I only have one copy of them, so we'd like
4 to move this into evidence. May I ---

5 PRESIDING OFFICER:

6 Sure.

7 ATTORNEY JONES:

8 --- give that to you?

9 PRESIDING OFFICER:

10 We'll ---.

11 ATTORNEY JONES:

12 It is in support.

13 PRESIDING OFFICER:

14 Mark that as WTA Number Two.

15 (WTA's Exhibit Number Two marked for
16 identification.)

17 PRESIDING OFFICER:

18 With that, we will move into the public
19 comment portion of the hearing. As I call your name
20 from my list, if you would please come forward to the
21 podium with the microphone. And before you begin your
22 comment, would you just state your name and spell it
23 for the court reporter? And also tell us the
24 municipality where you live and if you are speaking on
25 behalf of an entity or an individual and let us know

1 who that is at that time. If you have written notes
2 or testimony you will be reading from, if you can give
3 a copy of that to the court reporter after you're
4 finished that will help her in her transcription as
5 well.

6 I will remind you as well about the time
7 limit. And I will let you know when your time is
8 running out and it's time to wrap up. Elected
9 officials each have a ten-minute time period.
10 Community groups each have a five-minute time period
11 and individuals are three minutes. And if you have
12 registered to speak today, if you could stand and
13 raise your right hand to be sworn by the court
14 reporter?

15 -----

16 WITNESSES SWORN EN MASSE

17 -----

18 PRESIDING OFFICER:

19 And our first speaker today is William
20 McGowen. And Mr. McGowen, we were handed a two-page
21 handout that each of the Board members have and I have
22 for the record. WTA was prepared.

23 -----

24 WILLIAM MCGOWEN, HAVING BEEN PREVIOUSLY SWORN,
25 TESTIFIED AS FOLLOWS:

1 -----

2 MR. MCGOWEN:

3 Very well. Good. My name is Bill
4 McGowen, M-C-G-O-W-E-N. I'm the Executive Director of
5 the Redevelopment Authority for the County of
6 Washington. I'm here to support the gaming and the
7 taxes that we get for Washington County out of the
8 gaming. If you look at the first page of your
9 handout, you will see over the last four years,
10 including this year coming up, 2011, that over \$44
11 million of good projects have been invested in the
12 County of Washington. That includes economic
13 development projects, over \$11 million, public
14 interest which is mostly sewer, over \$15 million, and
15 some job training. If you will go --- and by the way,
16 that does not include the in excess of \$2 million that
17 North Strabane gets every year also. This is strictly
18 Washington County projects.

19 If you go to the next page, number one,
20 we think we have a very good process in place to take
21 that gaming tax money and provide it to the county and
22 to good projects. We are very effective and efficient
23 in how we do hat. We develop guidelines. One of the
24 chief guidelines is to create jobs. You'll see in
25 there, economic development professionals and others

1 that are on the Review Committee to select the
2 projects. Less than 25 percent of the projects that
3 are --- that apply get actually selected, and those
4 are the top of the --- the cream of the crop. We have
5 impacted entire county. The county we feel
6 administers the program very professionally, so that
7 the money is tracked and the projects are completed
8 the way they should be.

9 Sample below the projects I've listed, I
10 won't read any --- a lot of those, but just give you
11 some samples. Economic development, the hospital,
12 electronic medical records, a million bucks times
13 three years. And then business parks, infrastructure
14 and flex building to create jobs.

15 Public interest, again, mostly sewage
16 systems to fix failing on-lot systems and to reduce
17 the sewage going into the rivers.

18 Community improvement, you can see
19 Rockshelter, Pony League Baseball, Community Center
20 and encouraging municipalities to merge.

21 And also, we have job training, which has
22 helped to create job training, especially for some of
23 the low-mod people, and get people into the gas
24 industry to get good supportive jobs.

25 That's all I have. Questions?

1 PRESIDING OFFICER:

2 We will enter your exhibit into the
3 record as Hearing Exhibit Number Two. Any questions?

4 (Hearing Exhibit Number Two marked for
5 identification.)

6 MR. MOSCATO:

7 One quick question. I was interested you
8 mentioned about the merger of the ---

9 MR. MCGOWAN:

10 Yes.

11 MR. MOSCATO:

12 --- municipalities.

13 MR. MCGOWAN:

14 Yes.

15 MR. MOSCATO:

16 How's that going?

17 MR. MCGOWAN:

18 Good.

19 MR. MOSCATO:

20 Oh.

21 MR. MCGOWAN:

22 Very well. Donegal and West Alex merged.

23 They were --- it was an amicable merge. They both

24 wanted it. We gave them some extra slots monies

25 because they did that and we sent that incentive out

1 for any municipality that wants to merge. We not only
2 give them some extra money from the slots money, but
3 we give them some CBG (sic) monies and we help them
4 from the state to actually set up the process to
5 merge. So, that has worked very well. And in fact,
6 those two just got an award from the Governor --- I
7 forget the name of the organization. The Governor
8 came ---.

9 MR. MOSCATO:

10 From the Governor?

11 MR. MCGOWAN:

12 Yeah.

13 MR. MOSCATO:

14 Thank you.

15 PRESIDING OFFICER:

16 Joseph Manning?

17 -----

18 JOSEPH MANNING, HAVING BEEN PREVIOUSLY SWORN,

19 TESTIFIED AS FOLLOWS:

20 -----

21 MR. MANNING:

22 Good morning, Madame Chairman, ladies and
23 gentlemen. Thank you. I'm here. I'm Joseph Manning.
24 I'm a member of Washington City Council. And I'm here
25 to advocate for the renewal of the Gaming License for

1 The Meadows Casino and Racetrack. The Meadows Casino
2 and Racetrack has been a boom to the --- our local
3 economy and our tourism industry here in Washington
4 County. But beyond that, they've proven to be very
5 good neighbors. The casino and racetrack are
6 physically located in North Strabane Township, but
7 that has not prevented them from reaching out to a lot
8 of municipalities here in Washington County. And as I
9 said, being a very good neighbor.

10 As an example, during the city
11 bicentennial last year, they were financial patrons
12 and Sean Sullivan and the racetrack and casino
13 actually sponsored part of our celebration, which was
14 a luncheon that we held here in the downtown honoring
15 retiring Senator J. Barry Stout. We were very
16 grateful for their participation in our bicentennial.

17 Also, as Mr. McGowen was referring to the
18 local share program, I had the privilege to be on the
19 local Share Our Town Committee this year to determine
20 where some of those local funds were going. Recuse
21 myself from the portion that dealt with the City of
22 Washington. However, we did benefit from that, to the
23 tune of over \$300,000 for projects that we have going
24 that are going to benefit all of our citizens at
25 Washington Park. We also see here in the city, the

1 benefit of two organizations such as the Washington
2 City Mission and the Washington Women's Shelter, and
3 also the --- their neighborhood partnerships with John
4 F. Kennedy Catholic School, which I happen to be a
5 graduate of and many of our local restaurants.

6 So, as I said, I'm here to advocate for
7 the renewal of their license. They've been good
8 neighbors and good partners with us. And we have seen
9 the benefit not just in North Strabane Township in the
10 northern part of the county, but many municipalities
11 throughout Washington County.

12 PRESIDING OFFICER:

13 Thank you.

14 MR. MANNING:

15 Thank you.

16 PRESIDING OFFICER:

17 Larry Maggi. And I mispronounce names,
18 please ---.

19 OFF RECORD DISCUSSION

20 -----

21 LAWRENCE MAGGI, HAVING BEEN PREVIOUSLY SWORN,

22 TESTIFIED AS FOLLOWS;

23 -----

24 MR. MAGGI:

25 It's Larry Maggi (corrects

1 pronounciation).

2 PRESIDING OFFICER:

3 Maggi (confirms pronounciation).

4 MR. MAGGI:

5 M-A-G-G-I. Good Italian name. We'd like
6 to welcome you to Washington County. I'm the Chairman
7 of the Washington County Board of Commissioners. And
8 we're proud that you're here. We're proud that you
9 get a chance to see our beautiful county. I'm here
10 and I'm pleased to submit testimony in support of the
11 renewal of Gaming License for The Meadows Racetrack
12 and Casino. The casino added in June 2007 to The
13 Meadows Racetrack and the addition of table games in
14 July of 2010 were the catalyst that spurred
15 substantial growth in the hospitality industry along
16 Racetrack Road in Washington County.

17 Approximately 700 hotel rooms and several
18 restaurants were added, creating hundreds of jobs and
19 millions of dollars to our local economy. The casino
20 continues to employ about 1,700 people and is one of
21 Washington County's largest employers.

22 Tourism in Washington County has
23 increased since the opening of the casino,
24 contributing to the area's commerce. Busloads of
25 gamers and those wanting to shop at the nearby Tanger

1 Outlets come to patronize the casino, racetrack, the
2 hotels, restaurants and shops.

3 The casino continues to be a very good
4 neighbor and has contributed close to a million
5 dollars in our area's philanthropic causes since
6 opening its doors in 2007. Nonprofit groups, such as
7 the Washington City Mission, the Washington County
8 Senior Center and the Washington Christian Outreach
9 have benefited from casino proceeds, impacting many
10 who are in need here in the Washington County.

11 The racetrack and casino have been
12 instrumental in the growth and development of our area
13 by making funds available for local share
14 improvements. They've added more than \$38 million to
15 local projects. With that \$38 million, we've been
16 able to leverage about another \$100 million through
17 that --- those local projects. The improvements made
18 to the municipalities and boroughs can be seen
19 countywide as you travel from one end of our beautiful
20 county to the other.

21 For all these reasons, I consider the
22 casino a vital business partner in Washington County
23 and I strongly urge the State Gaming Board to reissue
24 a Gaming License in order that our residents may
25 continue to benefit from the proceeds of The Meadows

1 Racetrack and Casino. Thank you.

2 PRESIDING OFFICER:

3 Thank you.

4 MR. GINTY:

5 Yeah, as a matter of personal privilege,
6 Director Lloyd, I've known Commissioner Maggi for a
7 number of years. And just wanted to thank you for
8 your hospitality today. It's great to be here and I
9 appreciate your comments.

10 MR. MAGGI:

11 Thank you, sir. Glad to have you.

12 PRESIDING OFFICER:

13 And again, if I had paid attention to how
14 Mr. Sullivan pronounced this name, and I know Sulc is
15 not the way he said it. I think that was it. So, J.
16 Gregory Sulc.

17 -----
18 GREGORY SULC, HAVING BEEN PREVIOUSLY SWORN, TESTIFIED
19 AS FOLLOWS:
20 -----

21 MR. SULC:

22 It's Sulc (corrects pronunciation).

23 PRESIDING OFFICER:

24 It's not Sulc but it's spelled ---.

25 MR. SULC:

1 In upper Slovakia, it's Shultz. Good
2 morning. I'm Greg Sulc. It's S-U-L-C. I am Chairman
3 of the Board of North Strabane Township, the host
4 township of The Meadows Racetrack and Casino. It is
5 an honor and privilege to stand before you to testify
6 what a true neighbor Mr. Sean Sullivan and his entire
7 management staff has been to North Strabane Township
8 and its residents.

9 The Meadows Racetrack and Casino has
10 maintained the high level of service noted by
11 grandfather in the early 1970s as he watched his own
12 horses race from the Two Minute Club. Bill Paulos,
13 principle of Meadows Racetrack and Casino committed to
14 not only North Strabane Township but the surrounding
15 residents the promise of continued partnership and
16 transparency. A promise he and his management staff
17 have not broken.

18 At the end of 2010, North Strabane
19 Township awarded a contract to a new public safety
20 building. The building will feature a substation for
21 both our police and fire departments. This building
22 will be constructed on property donated by The Meadows
23 Racetrack and Casino and Bill Paulos, a gesture of
24 goodwill to North Strabane Township and its residents.

25 The increase in business has also

1 solidified the relationship between The Meadows
2 Racetrack and Casino and North Strabane Township.
3 From the outset, both North Strabane Township and
4 Racetrack and Casino has emphasized the importance of
5 public safety with increase of traffic and special
6 events held at The Meadows. The communication between
7 the township and The Meadows has continued to be an
8 impressive rate. The specific details of special
9 events are distributed to both our police and fire
10 departments. The detailed information is used to plan
11 accordingly to maintain the safety of our residents.

12 The Meadows Racetrack and Casino is a
13 true blessing to the over 1,700 (sic) employees it has
14 hired since opening in North Strabane Township. As
15 the host township, North Strabane Township receives
16 approximately \$2.5 million per year. The additional
17 revenue source has enabled North Strabane Township to
18 increase road paving allocation by nearly 125 percent,
19 hire additional personnel, and purchased key equipment
20 for each department. In addition to the previous
21 mentioned items, North Strabane Township had currently
22 completed 65 percent of an \$8 million park project.
23 This project has been made possible by the revenue we
24 receive as a host township. The park will benefit
25 both township and surrounding area residents.

1 On behalf of the entire North Strabane
 2 Township Board of Supervisors, I would like to first
 3 publically thank Mr. Sean Sullivan and his entire
 4 management team at The Meadows Racetrack and Casino
 5 for maintaining their dedication to North Strabane
 6 Township. In addition, North Strabane Township Board
 7 of Supervisors support Mr. Bill Paulos, Mr. Sean
 8 Sullivan, their management team and The Meadows
 9 Racetrack and Casino on renewal of their Gaming
 10 License. Thank you.

11 PRESIDING OFFICER:

12 Thank you. That is the extent of my list
 13 of elected officials. Are there any other elected
 14 officials here today that thought they registered and
 15 I have not called your name? Now then, we'll move on
 16 to the community groups. Jeff Kotula?

17 -----
 18 JEFF KOTULA, HAVING BEEN PREVIOUSLY SWORN, TESTIFIED
 19 AS FOLLOWS:

20 -----
 21 MR. KOTULA:

22 Good morning. My name is Jeff Kotula,
 23 K-O-T-U-L-A. I'm the President of the Washington
 24 County Chamber of Commerce. Good morning, Mr.
 25 Chairman, members of the Board. On behalf of

1 Washington County Chamber of Commerce, I appreciate
2 this opportunity to submit our observations to the
3 Pennsylvania Gaming Control Board of the positive
4 effects gaming has had on Washington County, as well
5 as our strong support for the renewal of the
6 Washington Trotting Association's Gaming License.

7 As President of the second largest
8 Chambers of Commerce in southwestern Pennsylvania, I
9 am pleased to relay that our business community and
10 membership has witnessed the positive impacts of
11 gaming in Washington County. In our opinion and
12 experience, gaming has only added to the business and
13 economic development of our county and economy.

14 Washington County's economy has undergone
15 a significant transformation over the past 25 years.
16 Our county economy was once based on traditional heavy
17 industry and steel. However, our county has evolved
18 to now one based on advanced manufacturing, the
19 development of natural resources, such as natural gas
20 and coal, and high technology. This transformation
21 has brought new jobs, increased quality of life and
22 attracted new companies to the county. In fact,
23 Washington County now has the second highest number of
24 Fortune 500 companies headquartered in southwestern
25 Pennsylvania, with Pittsburgh, of course, being the

1 first.

2 Fortune 500 companies, such as Consol
3 Energy and Mylan Labs have chosen to locate in
4 Washington County not only because of our low taxes,
5 high-quality workforce and inventive business
6 environment, they've also chosen to locate or expand
7 because of the investments we are making in ourselves.
8 With The Meadows Racetrack and Casino being one of our
9 high-economic drivers.

10 In addition to the hundreds of jobs,
11 monetary investment and tax revenues The Meadows has
12 contributed to our economy, we have also utilized the
13 facility to increase our own economic development
14 efforts. In fact, in a 20-mile radius of this very
15 room, we have witnessed over \$1 billion in new public
16 private investment in Washington County. Projects
17 such as Tanger Outlets, SouthPointe II Industrial
18 Park, Strabane Square and Trinity Point, retail
19 centers, as well as new hotels and businesses, are
20 being driven by the presence and compliment-area
21 effects of The Meadows. With the expansion of table
22 games last year, we have witnessed even more positive
23 results.

24 In addition, the Pennsylvania Legislature
25 in passing gaming has also directed some of the gross

1 terminal revenues to directly benefit Washington
2 County. With the Washington County Local Share
3 Program, the county receives, as you know, two percent
4 of the gross terminal revenues from The Meadows to be
5 utilized for economic and community development
6 projects. And this program has allowed the Washington
7 County Commissioners to work with our legislative
8 delegation and Economic Development officials to
9 invest an additional \$38 million in the past four
10 years in infrastructure, economic development and
11 municipal projects. This significant amount is only
12 eclipsed by the nearly \$115 million in matching funds
13 this program has leveraged since its inception.

14 As you may suspect, initial passage of
15 gaming brought concerns of a decrease customer base
16 for our local small businesses. And this has never
17 materialized. What did materialize was a significant
18 increase in the county's customer base, especially
19 from visitors and tourists from bordering states, such
20 as Ohio and West Virginia.

21 The Meadows Racetrack and Casino and
22 gaming in general have been positive influences on
23 Washington County and its economy. We support the
24 renewal of the Gaming License as it will further
25 benefit our economic development efforts, our economy

1 and our job creation efforts. We fully support gaming
2 at The Meadows and encourage your support as well.
3 Thank you very much, and have a good day.

4 PRESIDING OFFICER:

5 Thank you. Peg Wilson?

6 -----
7 PEG WILSON, HAVING BEEN PREVIOUSLY SWORN, TESTIFIED AS
8 FOLLOWS:

9 -----
10 MS. WILSON:

11 I'm Peg Wilson, W-I-L-S-O-N. And I speak
12 on behalf of the Greater Washington Food Bank. And I
13 want you to know I have been part of this casino since
14 it first opened. And without the casino's help, the
15 food bank wouldn't be where we are today. As you
16 know, we're a nonprofit agency that collects food and
17 then we distribute it. Last year we distributed over
18 thousands --- to people, we support over 3,400
19 families each month. And The Meadows's involvement in
20 the community has been exceptional. We couldn't have
21 done it without them. And when they opened at the
22 temp, I remember there were so many people that were
23 so grateful to The Meadows Food Bank, because they
24 gave us a percentage from their opening day. And The
25 Meadows was first one to act lovingly and read (sic)

1 out to our people in Washington County.

2 It's just not the food bank that they
3 have helped. I'm also going to speak on the Christian
4 Outreach, because I help them. The casino did a drive
5 for coats a couple years ago in the wintertime. And
6 the people from different agencies went to the
7 Christian Outreach, was able to get coats for their
8 children, for senior citizens, and they said they had
9 never seen so much food out for the public. And it
10 was all because of The Meadows. The Meadows were
11 having a --- the feeding of America is what we believe
12 in, so no child goes to bed hungry or senior citizen.
13 And we have 35 active pantries that we support. And
14 The Meadows has done a couple drives for us,
15 collecting cans and giving out brochures on our
16 behalf. And without that --- we have collected
17 thousands of things for food and they have also gave
18 us money at Christmastime and Thanksgiving to give
19 money so that we could buy vouchers to give out to
20 people for turkeys. And our people of Washington
21 County --- and I don't speak for any district, I am
22 from the City of Washington, but I speak on behalf of
23 the whole county because we support the whole county.
24 Our food bank doesn't just give to one city or one
25 municipality, we give to everybody in Washington

1 County. If you're a member of Washington County, we
2 believe in you. And you wouldn't realize, you people,
3 probably not as much as I am, when you see these
4 people that don't have anything, and they are so
5 thankful for The Meadows coming into Washington, for
6 the jobs, and for so many things that the casino has
7 given Washington, because as I said, we were hurting
8 before The Meadows came. And I have another thing, we
9 believe we have a new thing at the food bank and The
10 Meadows has become a part of that, and I want you all
11 to know how much we appreciate this. It's called
12 Feeding America. And The Meadows were going to put on
13 a thing this August. I think it's the 7th or 8th or
14 8th and 9th. I'm not really sure of the date. But
15 The Meadows has graciously gave us the racetrack and
16 we're going to use and we're going to the Guinness
17 Book of Records to get the most food collected for any
18 place, we're trying to beat their record so we can
19 make the book. And so on behalf of Sean, Phil and all
20 the casino people that work with us, Bill Paulos, Bill
21 Hillinger (phonetic), Xavier and I can't remember all
22 their names, but we owe them so much in Washington
23 County. And I said I believe in The Meadows. It's
24 become like my second home. And as I said, they have
25 been so gracious, not just to the food bank, to

1 everybody in Washington County. At this time I
2 welcome you to the City of Washington and I hope the
3 Gaming Commission will actually issue them, because we
4 depends on The Meadows. Thank you very much.

5 PRESIDING OFFICER:

6 Thank you. Joe Forrester?

7 -----

8 JOE FORRESTER, HAVING BEEN PREVIOUSLY SWORN, TESTIFIED
9 AS FOLLOWS:

10 -----

11 MR. FORRESTER:

12 Good morning. And thank you for giving
13 me the opportunity to speak. My name is Joe
14 Forrester, F-O-R-R-E-S-T-E-R. I'm President of the
15 Community College of Beaver County, speaking on behalf
16 of the license renewal. My organization partnered
17 with The Meadows roughly two years ago as they began
18 looking at the advent of table games within their
19 facility. They realized that they would need a
20 training partner to be able to gear up and have those
21 games ready for implementation, and they wanted an
22 organization that was willing to bring its services
23 into Washington County. We readily agreed to do so.
24 We are now the training facility in Washington County
25 at SouthPointe II. And The Meadows very generously

1 has donated the equipment for us to be able to provide
2 the training within that facility. We're very
3 appreciative to them in that regard. We've worked
4 with The Meadows in training for their table games
5 from the outset. I think we trained initially some
6 600 people. That was the initial cadre or employees
7 that were working in the casino when they opened for
8 table games last year. We continued to provide
9 training. We've trained, I think, another hundred or
10 so individuals since that point in time. The Meadows
11 has made it very clear to us that they're interested
12 in seeing more than just the table games training,
13 that they're interested in creating career pathways
14 for their employees. And Sean shared with you earlier
15 today, some of the salaries that are being earned by
16 their employees. For those individuals that are
17 interested, they want them to have promotional
18 opportunities. So, later this week, we're going to be
19 engaging in conversations with Sean and his staff as
20 appropriate for creation of one-year certificates in
21 casino management and two-year Associate degree
22 programs in casino operations with the intent of
23 having those programs operational within the next two
24 years. So, I think it's been a partnership that has
25 benefitted both of our organizations. Certainly we

1 have seen the caring nature of The Meadows in terms of
2 wanting the training opportunities in Washington
3 County for their employees. And again, I speak on
4 behalf of the license renewal. Thank you.

5 PRESIDING OFFICER:

6 That is the end of the list that I have
7 been given for community group speakers. Is there
8 anyone here that believes they registered and I did
9 not call their name? And I did not have any
10 individuals on my list. Are there any individuals
11 here who believe they registered to speak and I have
12 not called their name? Okay. We have comments from
13 Commissioner McCall.

14 MR. MCCALL:

15 I just --- you know, sitting here as one
16 of the newer Board members, I've only been appointed
17 to the Board since February. And I've met with Mr.
18 Sullivan on a number of occasions. I was privy to
19 tour the Washington facility, The Meadows' facility.
20 And I can tell you that I am very impressed with it.
21 I'm very impressed with your management team and the
22 job that they do and the understanding that they have
23 of the industry and how you are --- your willingness
24 to --- you know, to be a chameleon almost, where you
25 have to --- you really have to adapt to the crowds

1 that come to your facility. But sitting here, you
2 know, I come from the legislature. So, that's my hat.
3 And this is our second round of public hearings. And
4 we started at Presque Isle yesterday, today The
5 Meadows and tomorrow we'll be listening to The Rivers.
6 But I am just so heartened from your public policy
7 standpoint to just hear the significant role that
8 these casinos do, in fact, play in the community, from
9 economic development to community infrastructure
10 improvements, to community development, the numbers,
11 you know, of your investment that these facilities are
12 making in the community just boggles the mind. So, I
13 certainly wanted to thank The Meadows, thank you for
14 your partnership in the community, still keeping an
15 eye toward property tax reform and really the saving
16 of the horseracing industry which was the banter for,
17 you know, legalizing gaming in Pennsylvania to begin
18 with. But it's good to see the significant community
19 development, community support for their facility.
20 And it's interesting for me to sit here and listen.
21 And I just have one question and I don't know who
22 would like to answer, if it would be you, Mr.
23 Sullivan, or Mr. Jeannot. Who's going to win the
24 Derby on Saturday?

25 MR. JEANNOT:

1 Look at Pants on Fire.

2 OFF RECORD DISCUSSION

3 MR. MCCALL:

4 Thank you.

5 PRESIDING OFFICER:

6 Okay. Any comments or any closing
7 statement from WTA?

8 ATTORNEY JONES:

9 We would just like to thank the local
10 government officials who are here today and the local
11 community groups and the public in general. We'd like
12 to thank the Board again and OEC, and we look forward
13 to our license renewal hearing.

14 PRESIDING OFFICER:

15 Thank you. And OEC?

16 ATTORNEY CREANY:

17 We'd like to thank The Meadows and Marie
18 Jones for your professionalism and cooperation in this
19 process. It's not yet completed and submitted. We're
20 going to be finishing up the work of the BIE and
21 submitting a background investigation report to the
22 Board for its consideration in the renewal process.
23 We thank those that participated, both on our side and
24 those who --- your comments today. Thank you.

25 PRESIDING OFFICER:

1 And just a few housekeeping matters. The
2 record will remain open until the Board hears the
3 matter at a later public Board meeting. I will
4 prepare a report based upon the testimony and evidence
5 that was entered into the record today and the
6 feasibility of the Board yet to come. And all of that
7 will be forwarded to all Board members for their
8 review. And for added convenience, we'll schedule
9 this matter to be heard at a future public Board
10 meeting. For the parties, any briefs or written
11 memorandum from either party, if you feel the need to
12 address any legal or factual issues, are due by close
13 of business Wednesday, May 11th, 2011. I want to
14 thank you all for being here today and your
15 cooperation. This hearing is now concluded and
16 adjourned. Thank you.

17 * * * * *

18 HEARING CONCLUDED AT 12:15 P.M.

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CERTIFICATE

I hereby certify that the foregoing proceedings, public input hearing held before Presiding Officer Lloyd, was reported by me on 05/04/2011 and that I Beth A. Duzzny read this transcript and that I attest that this transcript is a true and accurate record of the proceeding.

