

COMMONWEALTH OF PENNSYLVANIA

GAMING CONTROL BOARD

\* \* \* \* \*

IN RE: HSP GAMING, L.P. (SUGARHOUSE) - PETITION FOR  
APPROVAL TO MODIFY PHASE 1A EXPANSION

PUBLIC HEARING

BEFORE: William H. Ryan, Jr., Chairman  
Gregory C. Fajt, James B. Ginty, Annmarie  
Kaiser, Keith R. McCall, John J. McNally,  
III, Anthony C. Moscato, Members; Jennifer  
Langan, representing State Treasurer,  
Robert M. McCord, Robert Coyne,  
representing Secretary of the Department of  
Revenue, Daniel Meuser, Mathew Meals,  
representing Secretary of Agriculture,  
George Greig

HEARING: Wednesday, May 15, 2013  
11:35 a.m.

LOCATION: Pennsylvania Gaming Control Board  
Strawberry Square Complex  
Second Floor  
Harrisburg, PA 17101

WITNESSES: Wendy Hamilton, Greg Carlin, Paul Seeman  
Reporter: Cynthia Piro Simpson

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## P R O C E E D I N G S

1  
2 -----  
3 CHAIRMAN:

4           The next hearing listed on our agenda  
5 pertains to SugarHouse, HSP Gaming, L.P.'s, Petition  
6 for Approval to Modify its Phase 1A Expansion. For  
7 the record, a public hearing was held regarding this  
8 matter a week ago yesterday, a public input hearing,  
9 on May 7th, in the City of Philadelphia. And at that  
10 time, SugarHouse put on a fairly lengthy presentation  
11 of its proposal. And I see that the parties are  
12 ready. I would ask any fact witnesses who are not  
13 attorneys to be sworn first before we begin.

14 -----  
15 WITNESSES SWORN EN MASSE  
16 -----

17 CHAIRMAN:

18           Before you sit down, ladies and  
19 gentlemen, could you --- I should say lady and  
20 gentlemen, could you just state your name and position  
21 on the record and spell your last name for the court  
22 reporter?

23 MR. CARLIN:

24           Greg Carlin, C-A-R-L-I-N, CEO of  
25 SugarHouse Casino.

1                   ATTORNEY HAMILTON:

2                   Wendy Hamilton, H-A-M-I-L-T-O-N, general  
3 manager of SugarHouse Casino.

4                   MR. MCKENNA:

5                   Terrence McKenna, M-C-K-E-N-N-A,  
6 Executive Vice President of Keating Consulting.

7                   ATTORNEY SEAMAN:

8                   Paul Seeman, S-E-E-M-A-N, General  
9 Counsel of LAMB Partners.

10                  CHAIRMAN:

11                  Mr. Sklar?

12                  ATTORNEY SKLAR:

13                  Good morning, Mr. Chairman. Michael  
14 Sklar, S-K-L-A-R, on behalf of SugarHouse Casino.  
15 Good morning, Board members. Mr. Chairman, as you  
16 indicated, we went through a lengthy presentation last  
17 week, so this morning what we'd like to do is just  
18 highlight a few points and address a few of the  
19 matters raised by Enforcement Counsel in their answer.

20                  So, briefly, just to summarize last  
21 week, the modified expansion plan that's before you  
22 today reflects input that SugarHouse received from the  
23 City of Philadelphia and its advisors. It takes  
24 advantage of a much larger piece of property than what  
25 they had back in May 2009, which is the approved

1 expansion plan. And it also takes into account  
2 customer feedback and the benefit of two-and-a-half  
3 years of operation. So, what we think we have before  
4 you today is a much better design and offers more  
5 amenities and ultimately will create a much better  
6 customer experience for SugarHouse's patrons.

7           So, Wendy is going to discuss a few of  
8 the modifications and changes that were made from 2009  
9 to the current plan, and Terry is going to give you a  
10 brief update on timing, and then we'll be available to  
11 answer any questions that the Board or Enforcement  
12 Counsel may have. With that, I'll turn it over to  
13 Wendy.

14                       MS. HAMILTON:

15           Okay. Great. There's the slide. I  
16 just wanted to address a couple of the key differences  
17 between the 2009 plan and the current modified plan  
18 that's before you. First and foremost, the slot  
19 machine count, which is 3,000 in the original 2009  
20 plan versus a range of 1,900 to 2,200 in the current  
21 plan, the 3,000 obviously in May 2009 was before we  
22 were open and also before table games were legalized.  
23 Our current estimate is that 1,900 to 2,200 is the  
24 appropriate number. That's, you know, based on  
25 operating for two-and-a-half years. And as you can

1 note in the footnote number four that is on this slide  
2 that's in front of you, that includes, you know, still  
3 the gaming positions may come in over 3,000 when you  
4 include the table games numbers and poker numbers.  
5 Also, in this plan it's important to note we do have  
6 the flexibility to add several hundred slots should  
7 the market warrant it at that point. So, you know,  
8 every time you build an expansion, you end up going  
9 back and changing something. This time we're going to  
10 go in with a little shell space and be able to make  
11 those modifications based on where we are at that  
12 point with the business.

13                   In addition, parking spaces, which are  
14 shown as 3,645 in the original 2009 plan and 2,440 in  
15 the current plan, that is a result of --- that  
16 apparent change is the result of a couple of items.  
17 Number one, the original garage was on a smaller piece  
18 of land. You remember we've acquired an additional  
19 piece of land north of our operation that allowed us  
20 to change the design of the garage in the modified  
21 plan. The original plan was a one-shot deal. It was  
22 a different design, and so you had to go in with the  
23 full 3,265 structured parking spaces at once.

24                   In addition, the commercial  
25 entertainment district zoning at the time only allowed

1 for ten percent of your total parking to be surface  
2 parking once the garage was built. That has changed.  
3 The CED zoning has been amended, and the modified  
4 garage conforms to that. In addition, the new design  
5 for the new garage on the larger piece of land,  
6 including the new acquisition, allows for phased  
7 construction, so that if we needed more we could  
8 always add more. The city prefers and has fully  
9 endorsed the current modified plan. It's a nicer  
10 design. It allows customers to park on flat plates  
11 instead of pitched plates. The engineers find that to  
12 be safer. It also does provide more surface parking  
13 now in this plan, which we know some people --- quite  
14 a few people prefer. And we've had no problems with  
15 traffic or parking in the neighborhood. And we would  
16 never let that ---. Save that commentary for later.  
17 So, we definitely believe that the parking in the  
18 modified plan is more than sufficient to satisfy  
19 customer demand.

20                   So, the next difference that I wanted to  
21 give some color to is the employment number ---  
22 numbers. In May 2009 we expected to be at 1,100  
23 employees at the end of Phase 1A. That's the number  
24 we're at now. And obviously, the key difference there  
25 was the introduction of table games in 2010. So,

1 that, at this point, 1,100 --- you know, about 1,100  
2 today, always fluctuating, and a total of, we  
3 forecast, 1,500 at the end of this phase of  
4 construction.

5                   And then, finally, again, as Michael  
6 said, this --- these changes come primarily from our  
7 work with the city and input from our customers. You  
8 know, we are adding some capacity in slots and table  
9 games, the kind that exists today. But predominantly  
10 what we're adding here are additional amenities that a  
11 casino needs to thrive. And so, the additional  
12 restaurants, the parking garage, the banquet space,  
13 and the poker room, which is a --- you know, we don't  
14 offer poker at all today. These are four strong  
15 amenities that just really broaden the appeal of  
16 SugarHouse to Philadelphia's gaming public. And so,  
17 you know, all --- and I know we said this last week,  
18 this is a better plan and a smarter plan two-and-a-  
19 half years in than what was proposed in May of 2009.  
20 Terry?

21                   MR. MCKENNA:

22                   Thank you, Wendy. Just to re-update the  
23 Board, as this Board's aware, we provide monthly  
24 updates to the staff of the Gaming Control Board on  
25 where we are on the permitting and entitlement portion

1 of the project. That portion of the project is about  
2 to ramp up significantly. We had been working over  
3 the last --- since November of 2011, starting with the  
4 City Planning Commission approval of the amended plan,  
5 so we're set on the zoning side of that aspect of the  
6 development. We have the Submerged Lands License in  
7 hand, so we have no issues relative to the bed of the  
8 Delaware River. And we continue to work --- and I've  
9 just recently received the --- earlier this month  
10 another zoning amendment that we needed relative to  
11 the parking counts that Wendy had spoke about. So,  
12 everything is moving forward.

13                   We submitted a report to the  
14 Pennsylvania Department of Environmental --- I'm  
15 sorry, Pennsylvania Department of Transportation, late  
16 April, relative to the offsite roadway work that is  
17 proposed, relocating the Shackamaxon Street  
18 intersection. And we continue to work with the City  
19 of Philadelphia on the other approvals that are  
20 required for this. So, you know, from --- if this  
21 Board does approve the plan, we feel very confident  
22 that in roughly 24 months, plus or minus, we will have  
23 this expanded facility open and construction would  
24 start as soon as late summer on some enabling projects  
25 relative to parking lot reconfigurations, offsite

1 roadway, et cetera. So, just briefly, I just wanted  
2 to update you on that. And as we stated last week,  
3 you know, roughly 1,600 construction jobs will be  
4 generated from this, so it is a significant project,  
5 which the building trades and the contractor and  
6 subcontracting community, the marketplace in  
7 Philadelphia sorely need. So, thank you.

8 ATTORNEY SKLAR:

9 Thank you, Mr. Chairman. That concludes  
10 our presentation.

11 CHAIRMAN:

12 Cyrus?

13 ATTORNEY PITRE:

14 A couple of questions. With regard to  
15 the expansion, do you have a number for the total slot  
16 and table game capacity that you can accommodate? Do  
17 you have a maximum total?

18 MR. CARLIN:

19 Back of the envelope, we looked at it,  
20 and we think that we could add about, if we build out  
21 the small shell space, an additional roughly up to 600  
22 or 700 slot machines if we wanted to. You know, the  
23 issue with adding up to that many slot machines is  
24 we'd be back to a 22 square feet per gaming position,  
25 which is where we're at now, and we think that's tight

1 relative to feedback from customers. So, we can if we  
2 wanted to, though, get back to that.

3 ATTORNEY PITRE:

4 Okay. And with regard to the garage ---  
5 and it may have been up there, but the total spaces  
6 after the expansion with regard to the garage and  
7 service parking, how many spaces?

8 MR. CARLIN:

9 I believe it's 2,440. Wendy?

10 MS. HAMILTON:

11 Yeah. The total spaces is 2,440. and  
12 that does not include the leased space.

13 MR. CARLIN:

14 Correct.

15 MS. HAMILTON:

16 Okay. 2,440. And that's excluding a  
17 couple hundred leased spaces that we use today that we  
18 don't think we'll use in the future but we would still  
19 have access to.

20 ATTORNEY PITRE:

21 Okay. During the construction phase,  
22 how many spaces or how --- will be available for  
23 parking? Because I know that expansion is obviously  
24 going to occur over some of the parking, surface  
25 parking.

1                   MR. CARLIN:

2                   I think I need to double check, but I  
3 believe it's around 1,500 or so, which is --- you  
4 know, we do lose some spaces, but we'll get back to  
5 you if that's not the right answer, but ---.

6                   ATTORNEY PITRE:

7                   Okay.

8                   ATTORNEY HAMILTON:

9                   The good news, Cyrus, is we have plenty  
10 of lots adjacent to us that we have the option of  
11 leasing, if we would need to do that.

12                   ATTORNEY PITRE:

13                   Okay.

14                   ATTORNEY HAMILTON:

15                   And we certainly could move --- as those  
16 lots become, you know, a little bit further out, we  
17 have the option of moving employees offsite and  
18 shuttling if we needed to do that.

19                   ATTORNEY PITRE:

20                   Okay. All right. And that's all the  
21 questions I had.

22                   ATTORNEY MILLER:

23                   Mr. Sklar, in our answer we recommended  
24 that the Board adopt I believe seven conditions upon  
25 approval of this. Have you reviewed those conditions?

1                   ATTORNEY SKLAR:

2                   Yes, we have. And we do not have any  
3 objection to any of those conditions.

4                   ATTORNEY MILLER:

5                   I know that this expansion plan took a  
6 long time to come to fruition. And I would ask at  
7 this point, have all lawsuits and legal issues among  
8 the partners been resolved, and are there any partner  
9 disputes which could cause or do you anticipate could  
10 cause any problems with the expansion plans?  
11 Everybody happy?

12                   ATTORNEY SKLAR:

13                   Yes. Everything is moving full speed  
14 ahead.

15                   ATTORNEY MILLER:

16                   Now, the first --- what's the first item  
17 that will be constructed in the expansion plan? Do  
18 you anticipate the parking garage, the blowout of the  
19 wall in the building? Which one?

20                   MR. CARLIN:

21                   Well, we have some site work to  
22 complete. But once the site work's completed, it's  
23 --- you know, a lot of the expansion is --- it's  
24 contiguous, the garage and the additional gaming and  
25 non-gaming space. It's like a one shot.

1                   MR. MCKENNA:

2                   Yes. You know, as I mentioned, there's  
3 a number of enabling projects that need to take place  
4 before the building pad work can start, number one  
5 being reconfiguring the existing parking lot so we can  
6 get the parking count that we need while we are under  
7 construction, relocating that northern Shackamaxon  
8 Street intersection so that, again, we can relocate  
9 the parking and have a --- have all that work done by  
10 the time the building opens, and also some sewer work  
11 that we are working with the City Water Department on.  
12 So, all those enabling projects would start late  
13 summer/early fall, and we'd be in a position, as we  
14 view it right now, to begin the building pad somewhere  
15 in the first quarter, probably later part of the first  
16 quarter of 2014.

17                   ATTORNEY PITRE:

18                   Do you guys anticipate having to shut  
19 down any of the gaming operations at any particular  
20 time during the expansion construction?

21                   MR. CARLIN:

22                   No.

23                   ATTORNEY PITRE:

24                   Okay.

25                   ATTORNEY MILLER:

1           In order to build the parking garage,  
2 you have to satisfy --- you have to get a permit from  
3 the Army Corps of Engineers; correct?

4           MR. CARLIN:

5           It's a joint permit.

6           MR. MCKENNA:

7           Right. As part of the negotiations with  
8 the City Planning Commission, where they would like a  
9 smaller garage, both in count and in stature, up front  
10 and then expand it as needed, the negotiation was that  
11 we would build a smaller garage, but it required that  
12 we move the footprint of the garage onto what we call  
13 the Bogatin property, the former Bogatin property,  
14 that we purchased. Between the casino property and  
15 the Bogatin property is what's called the Shackamaxon  
16 combined sewer outfall. So, that outfall needs to be  
17 relocated as part of that overall project. And that's  
18 one of the permits that we're working with, with the  
19 City Water Department. The City Water Department owns  
20 the sewer, so we'd be permitting it jointly with them  
21 to get that relocated.

22           ATTORNEY MILLER:

23           Right. And you've applied for these  
24 permits, and you'll advise us as to the --- you know,  
25 how that's working; correct?

1                   MR. MCKENNA:

2                   We are finalizing the applications. We  
3 have a --- what's called a pre-application meeting  
4 later this month with both DEP and the Corps of  
5 Engineers, and then that application will actually be  
6 submitted early June.

7                   ATTORNEY MILLER:

8                   And I take it you --- based upon your  
9 statements today, you don't anticipate that that will  
10 alter your timeline at all, those permits; correct?

11                   MR. MCKENNA:

12                   No. We factored that into our timeline.

13                   ATTORNEY MILLER:

14                   Okay. One of the things that we asked  
15 that you address the Board with this morning is either  
16 documentation or at least some kind of guarantees of  
17 funding for the project. Have you decided how you're  
18 going to fund the expansion project? And if so, could  
19 you provide the Board with some general idea of how  
20 that's going to work?

21                   MR. CARLIN:

22                   Sure. We're currently in the market  
23 with a financing that, you know, subject to Board  
24 approval, we expect could close as early as next  
25 week --- or early next week. And the new financing is

1 basically replacing our existing outstanding bonds  
2 with new bonds in the same amount. \$235 million is  
3 the current bonds but a lower interest rate. And also  
4 adding a bank loan, a senior bank loan revolver, which  
5 will be drawn partially at close but will leave us  
6 with enough capacity to fund the expansion.

7 ATTORNEY MILLER:

8 And you don't anticipate they'll be any  
9 problems with obtaining that financing?

10 MR. CARLIN:

11 I do not. Our teams have been on the  
12 road for the last two days, meeting with investors,  
13 and there seems to be very high demand in Delaware.  
14 We're anticipating closing, as I said, early next  
15 week. It's subject to Board approval.

16 ATTORNEY MILLER:

17 And you'll keep us up to date with any  
18 additional documents related to the financing?

19 ATTORNEY SKLAR:

20 We will. As you know, we've been  
21 providing drafts of documents to the staff over the  
22 last several weeks and will continue to do so. And  
23 upon closing, we'll provide executed copies soon after  
24 closing.

25 ATTORNEY MILLER:

1 We're happy.

2 ATTORNEY PITRE:

3 No further questions.

4 CHAIRMAN:

5 That's it. Any presentation?

6 ATTORNEY PITRE:

7 We'd just ask --- just to let the Board  
8 know that, since April, late April, we have been  
9 receiving and reviewing the various documents  
10 associated with SugarHouse's proposed refinancing,  
11 which will include the funds to build the proposed  
12 expansion, to pay off some higher-interest debt and  
13 extend the maturity dates on their debt. We're  
14 beginning to see some near-final draft versions, which  
15 is always a good sign, with regard to those documents.  
16 And as Mr. Carlin indicated and we suspected, that the  
17 closing will occur prior to the end of this month.  
18 Next week is a lot sooner than I thought, but that's  
19 fine.

20 Based upon our analysis thus far, there  
21 are no relevant issues that we see, and we would  
22 support SugarHouse being allowed to close on its  
23 refinancing later this --- next week or later this  
24 month and subject to all final executed documents, as  
25 Mr. Sklar indicated, being substantially similar to

1 those documents that have been provided to us during  
2 this process. And upon receiving those final  
3 documents, BIE will prepare a final report to submit  
4 to the Board. So, we'd ask the Board to allow them to  
5 move forward with the closing, and we'll submit a  
6 report to the Board based upon the refinancing,  
7 showing where all the funds have been allocated.

8 CHAIRMAN:

9 Okay.

10 ATTORNEY MILLER:

11 Procedurally, I know Mr. Sklar did not  
12 make --- did not present the entire PowerPoint  
13 presentation, but we certainly would have no objection  
14 if he wants to introduce it as an exhibit in this  
15 record. I know he has done so with the public  
16 hearing. Might be two different records. Your call.

17 ATTORNEY SKLAR:

18 Mr. Chairman, it's the identical  
19 PowerPoint as last week, which I believe you entered  
20 into evidence last week, so ---.

21 CHAIRMAN:

22 Let's admit it anyway. Okay. Make it  
23 part of the record.

24 (HSP Gaming, L.P. (SugarHouse) Exhibit  
25 One marked for identification.)

1                   ATTORNEY MILLER:

2                   There is the petition and then there's  
3 the public hearing as part of that, so ---.

4                   CHAIRMAN:

5                   Okay.

6                   ATTORNEY PITRE:

7                   We have nothing further to offer.

8                   CHAIRMAN:

9                   All right. Any questions from the  
10 Board?

11                  MR. MCCALL:

12                  Just a quick question. How long will  
13 construction take, and when would you anticipate the  
14 new facility opening, saying we grant the petition?

15                  MR. MCKENNA:

16                  So, we anticipate it would be a total of  
17 24 months before the facility would open from  
18 receiving the Board approval. The actual construction  
19 of the building separating the enabling projects is  
20 roughly a 15 to 16-month construction period, for the  
21 building and the garage.

22                  MR. MCCALL:

23                  And you don't anticipate any problems  
24 with the approvals from the city, the Army Corps, DEP,  
25 the Highway Occupancy Permit? I mean, all that's

1 pretty much routine?

2 MR. MCKENNA:

3 No. We think everything will be on the  
4 ordinary course of the approval process.

5 MR. MCCALL:

6 Very good. Thank you. No more  
7 questions.

8 CHAIRMAN:

9 Greg?

10 MR. FAJT:

11 Thank you, Mr. Chairman. Could we pull  
12 up slide 12, please? If I could just review quickly  
13 the river access, and then I want to talk a little bit  
14 about the additional restaurants. Can somebody from  
15 SugarHouse tell me what the river access plan looks  
16 like based on this new Phase 1A site plan? Take me  
17 from Delaware River maybe from, you know, over on the  
18 left side to the right side, and just so I  
19 understand ---

20 MR. CARLIN:

21 Sure.

22 MR. FAJT:

23 --- what it looks like.

24 MR. CARLIN:

25 So, right now you can access the river

1 from Delaware Avenue. There's a --- if you look at  
2 the --- I guess it's like a pinkish or --- I don't  
3 know, whatever color that is.

4 MS. HAMILTON:

5 Right where it says SEPTA.

6 MR. FAJT:

7 Right at the SEPTA sign. I see that.

8 MR. CARLIN:

9 So you can see the trail that goes to  
10 the river. What we're doing with this plan is we're  
11 expanding the river trail. Right now it just --- it  
12 ends at our --- at --- currently before the Bogatin  
13 line and goes back to Delaware Avenue. We're  
14 extending it along the river further, along the  
15 Bogatin trail. And then we would put a bridge over  
16 there, over the CSO --- the relocated CSO outflow, and  
17 then back to Delaware Avenue. The City is working to  
18 acquire additional rights-of-way to the landowner ---  
19 from the landowner to the north of us, the Stuart  
20 parcel. They have the --- there's two landowners  
21 between us and Penn Treaty Park. I think they have  
22 access on the second landowner's parcel. So, they're  
23 really trying to connect our path all the way through  
24 Penn Treaty Park, which we're fully supportive of and  
25 think would be a great addition to the river.

1           In addition, the City has asked us and  
2 we've agreed to build out a bike path that's currently  
3 not there along Penn Street. So, it's under  
4 construction right now. You're going to have a bike  
5 path along Penn Street that goes along Delaware Avenue  
6 and connects into Penn Street and then around our  
7 property as well. So, you'll have additional access  
8 than currently available today.

9           MR. FAJT:

10           Okay. So, again, I'll put this in my  
11 words. If you look at the --- on my sheet here, on  
12 the left side there's a SEPTA line --- station there.  
13 A little bit to the left of that there's a bike path,  
14 I guess, if you will, that runs along Delaware Avenue.  
15 Then you make a right at that SEPTA station. It goes  
16 back the whole way to the river and then along your  
17 property and then along the pink corridor, the whole  
18 way to the other SEPTA line; is that accurate?

19           MR. CARLIN:

20           Correct. I think the bike trail  
21 actually goes on Penn Street. So, that there's ---.

22           MR. FAJT:

23           I see.

24           MR. CARLIN:

25           There's pedestrian access along Delaware

1 Avenue, but the bike path itself comes along Penn  
2 Street.

3 MR. FAJT:

4 Okay. But you will have a bike path and  
5 a walking trail the whole way behind the casino and  
6 then back out to Delaware Avenue at the other SEPTA  
7 station at the north end of your property?

8 MR. CARLIN:

9 Correct.

10 MR. FAJT:

11 Okay. And I do see the future link to  
12 Penn Treaty Park, and I understand your comment about  
13 that.

14 The additional restaurants, I think I  
15 saw that you were planning additional restaurants on  
16 the first floor of the parking garage facing the  
17 river; is that correct?

18 MS. HAMILTON:

19 Yes.

20 MR. FAJT:

21 Okay. And right now you have --- I  
22 guess both of your restaurants right now front the  
23 river; correct?

24 MS. HAMILTON:

25 Just one.

1                   MR. FAJT:

2                   Just the one. And so, how many  
3 additional restaurants will you have in the bottom of  
4 this parking garage that also front the river?

5                   MS. HAMILTON:

6                   Well, there's one additional high-end  
7 restaurant, and one additional four-outlet food court.

8                   MR. CARLIN:

9                   But the food court's not ---.

10                  MR. FAJT:

11                  Okay. Both fronting the river?

12                  MS. HAMILTON:

13                  Not along the river. Sorry. The food  
14 court is not along the river.

15                  MR. FAJT:

16                  So just the high-end restaurant will  
17 front the river?

18                  MS. HAMILTON:

19                  Yes.

20                  MR. CARLIN:

21                  Also, though, we have our VIP gaming  
22 area and lounge, which we've actually relocated to the  
23 river, because of our experience at Pittsburgh, with  
24 our new high-limit room and our lounge. They also  
25 front the river. It's been, you know, very successful

1 and our customers --- our VIP customers really like  
2 that. So, we moved that in this plan to the river.

3 MR. FAJT:

4 And will you have inside and outside  
5 dining at both the VIP lounge and the high-end  
6 restaurant?

7 MS. HAMILTON:

8 Yes.

9 MR. CARLIN:

10 And you should know also that we've  
11 added an area for our team members along the river as  
12 well, an outdoor deck, so that if they want --- when  
13 they're on break, if they want to get outside and be  
14 along the river, that they'll have that opportunity.

15 MR. FAJT:

16 Okay. Turning quickly to the financing,  
17 our documents I think stated that the additional  
18 financing is \$140 million. Is that accurate?

19 MR. CARLIN:

20 Paul? No, the bank loan itself --- the  
21 revolver is total capacity of \$175 million.

22 MR. FAJT:

23 175. And if ---.

24 MR. CARLIN:

25 That's undrawn at closing. I think only

1 --- I'm not sure --- if it's 70 --- there's \$100  
2 million that's undrawn that's going to be used to fund  
3 the expansion.

4 MR. FAJT:

5 Okay. So, let's just assume, for the  
6 sake of argument, that we --- you use all \$175 million  
7 on the revolver, what does that take your total  
8 project cost to, including, obviously, Phase 1, plus  
9 this additional Phase 1A?

10 MR. CARLIN:

11 Based on our current estimates, the  
12 total invested in the project post-construction of the  
13 expansion will be \$550 million.

14 MR. FAJT:

15 Thank you. And one last question.  
16 Cyrus, I think you may have addressed this, but I  
17 would like to see what the uses of that additional  
18 \$175 million as time goes on. And particularly, you  
19 know, are any investors getting, you know, bought out?  
20 How much of that's going for construction and those  
21 types of issues?

22 ATTORNEY PITRE:

23 That will be in the final report that we  
24 give to the Board ---

25 MR. FAJT:

1 Thank you.

2 ATTORNEY PITRE:

3 --- once the closing occurs.

4 MR. FAJT:

5 Thank you.

6 CHAIRMAN:

7 Annmarie?

8 MS. KAISER:

9 Just real quick, this was also discussed  
10 at the public hearing, but can you just describe for  
11 us a little bit your interactions with the  
12 neighborhood businesses and community groups and what  
13 has been their response to the expansion plan?

14 MS. HAMILTON:

15 Yes. I'll start by saying we've come a  
16 long way in six or seven years. We work very closely  
17 with the neighbors around us, including, you know,  
18 those that are small business owners. We work hard to  
19 buy products from --- you know, Wells Meats is  
20 directly across the street. That's where our meat  
21 products come from. And the neighbors in Fishtown and  
22 Northern Liberties have very much become a part of us.  
23 I mean, many of them are us, they're our employees,  
24 and we work with them, I would say, hourly. You know,  
25 on a formal basis, any neighborhood meeting we get

1 invited to, we go. Any time we have something new to  
2 share, we will proactively say, hey, you know,  
3 Fishtown Action, can we come and present at your  
4 meeting? We want to talk about the next new thing  
5 that we're going to do. But a lot of it is more  
6 informal, just because we all know each other now, six  
7 years later, and we see them at work, we see them on  
8 the street, we see them in the restaurant when ---.  
9 So, we're in very close touch. And you know, I would  
10 say the overwhelming majority of individuals and  
11 businesses are supportive of us, in general, and of  
12 this plan.

13 MS. KAISER:

14 Thank you.

15 CHAIRMAN:

16 Jim? Tony?

17 MR. MOSCATO:

18 Just a couple questions, Bill. The  
19 1,600 construction jobs, are they full time or part  
20 time?

21 MR. MCKENNA:

22 So of the 1,600 construction jobs,  
23 roughly 1,000 of them are direct jobs onsite. They  
24 are full-time positions. The 600 other are estimated  
25 to be associated with suppliers that will be created,

1 and they're also envisioned as full-time jobs as well.

2 MR. MOSCATO:

3 Okay. And would they be union or  
4 non-union?

5 MR. MCKENNA:

6 The building will be constructed as an  
7 all-union project. So, the thousand direct jobs will  
8 be all union. The supplier jobs, some will be union,  
9 some will be non-union. It depends on the affiliation  
10 of the suppliers.

11 MR. MOSCATO:

12 Thank you.

13 CHAIRMAN:

14 Okay. Any questions from the ex-officio  
15 members? Okay. Thank you, lady and gentlemen. This  
16 matter is now closed and will be considered later  
17 today during our public meeting.

18 MS. HAMILTON:

19 Thank you.

20 MR. CARLIN:

21 Thank you.

22 CHAIRMAN:

23 Thank you. Appreciate it.

24 \* \* \* \* \*

25 PUBLIC HEARING CONCLUDED AT 11:30 A.M.

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CERTIFICATE

I hereby certify that the foregoing proceedings,  
hearing held before Chairman Ryan was reported by me  
on 5/15/2013 and that I Cynthia Piro Simpson read this  
transcript and that I attest that this transcript is a  
true and accurate record of the proceeding.



Cynthia Piro Simpson  
Court Reporter