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*Confidential

EXHIBITS NOT ATTACHED
P R O C E E D I N G S

PRESIDING OFFICER:

If we can take our seats, we'll get started, if you're going to sit. Good morning, everyone. My name is Linda Lloyd and I'm the Presiding Officer assigned by the Board today to conduct this portion of the Category 1 License renewal hearing for Greenwood Gaming and Entertainment, Incorporated, doing business as Parx Casino. So, before we begin, if we could all please turn off or at least to vibrate our cell phones and et cetera, et cetera.

As the Presiding Officer, I call this hearing to order. The date is Thursday, July 17th, 2014. The time is 10:05, and the location is the Bensalem Township Municipal Building Council Chambers at 2400 Byberry Road, Bensalem, PA, 19020.

The Pennsylvania Racehorse Development and Gaming Act requires at Section 1326 that an operator's license shall be subject to renewal by the Board every three years. This license renewal hearing is convened by the Board pursuant to the mandate found in Section 2105-B(1)(i) of the Gaming Act, which requires that the Board conduct a public hearing for
any license renewal application.

This public hearing was advertised on the Board's website, announced by the Board at several of its board meetings and advertised in local newspapers.

We have six of our seven Board members here today for the hearing. To my immediate right is Chairman Bill Ryan. Going down the row we have Tony Moscato, Annmarie Kaiser and John McNally. And to my immediate left is Greg Fajt. Dave Woods, who will take a seat on the end, is on his way and apparently stuck in horrific traffic out on the Blue Route. So, when he gets here, he will be on the end. Our missing Board member today is Keith McCall.

The hearing will begin with a presentation by Parx Casino. Our Board's Office of Enforcement Counsel (OEC) will have an opportunity to cross examine witnesses and back and forth until all parties are satisfied, all questions have been answered. And the Board will also have an opportunity to ask questions if they desire. After Parx has concluded its presentation, we're going to hear from a township individual who has another obligation, so we're going to squeeze him in in between. And after we hear from him, then our OEC will make its
presentation and, again, back and forth questions.

After the close of testimony and evidence of both parties, those individuals who have registered to speak at today's hearing during the public comment will be called. Elected officials will have ten minutes, representatives from community groups will have five minutes and individuals will have three. I don't believe we have any individuals today. After the close of the public comment, Parx and OEC will have an opportunity to provide a closing statement if they desire.

So, this is an official administrative hearing. Let's treat it as such. If all witnesses could speak loudly and clearly into the microphones provided so that the court reporter can hear you and so that our technical guy can hear you, too, because we are streaming this meeting live on our website. If anyone has any questions about the hearing or proceedings after Board staff is around to give them a --- ask the questions to them. Hopefully, they can provide you an answer.

So, let's begin by having all witnesses from Parx and OEC who will testify during the hearing today --- if you could please stand and raise your right hand to be sworn by the court reporter?
WITNESSES SWORN EN MASSE

PRESIDING OFFICER:

If you speak for the first time, if you could please state your name and spell it for the court reporter, that would be useful for her. And Parx, take it away.

ATTORNEY KOHLER:

Thank you, Director Lloyd. My name is Alan Kohler with Eckert Seamans. I represent Greenwood Gaming and Entertainment, Inc. We're certainly pleased and honored to be here for our renewal this morning. It's actually been, I think, close to five years since we appeared in this exact room. And I see Commissioner Fajt to my right, who certainly was here at that time, but we certainly have other new Commissioners. It is great to have, I guess, six Commissioners here this morning. We're pleased to --- and honored to have you actually attend our renewal hearing.

We have a brief presentation. We have two witnesses from Parx. The first one is to my direct left. It's Tony Ricci. He's the Chief Enforcement Officer, and he'll subsequently introduce
MR. RICCI: 

Thank you, Al. Good morning, Mr. Chairman, members of the Commission and staff. My name is Tony Ricci. I am the Chief Executive Officer of Greenwood Racing and Parx Casino, and I thank you for the opportunity to present our tremendous success story in this public forum. And my name is spelled R-I-C-C-I.

I'm proud and honored to represent our outstanding team, which I believe is the best in the business and has produced the number one casino for gaming revenue in the Commonwealth. It's also provided the blueprint for other states to emulate in terms of how you should conduct casino gaming in the future. Equally important and gratifying to us is the powerful, positive impact that we've had on our community and the racing industry, along with our exemplary performance in areas of diversity, community outreach, responsible gaming and compliance. We understand that a strong, vibrant community serves as an attractive destination for our customers and we are deeply committed to being a good neighbor.

The Parx grand is synonymous with a beautiful property that is well maintained, clean,
safe, while providing first class service to create customer satisfaction and long-term loyalty. In fact, customer surveys consistently rank Parx as the top customer service provider in our region. We recognize that great service can only be achieved by a talented, motivated and well-trained team. Our employees receive extensive training in both mandated areas and in customer service to ensure a consistent experience for our guests. Furthermore, we offer a very strong compensation package that includes an above-market health benefits plan. It's our exceptional team who provide the soul and the energy that brings our beautiful casino to life and creates the atmosphere of fun, entertainment and good luck that our customers have come to expect. And we're very proud of this result.

And we've generated, as I said earlier, more tax revenue than any casino in the state. In fact, the total gaming tax that's paid since our opening in December 2006 are $1.545 billion. That consists of revenues from slots of $1.476 billion, and revenues from table games of $69.4 million since our opening in July 2010. The success of our casino has also enabled us to contribute much more than the mandated minimum to the racing industry. In fact,
since our opening of the permanent casino in 2009, we've expended $30 million in investments and repairs to the backstretch. To date we've renovated 28 of our 36 barns and refurbished 12 dormitories. The eight remaining barns will be completed by May 2016, and we will then have the best backstretch in the racing industry. We're almost there.

We've built a manure storage facility to promote best management practices in environmental compliance, and we've also made significant improvements in other areas for road paving, roof repairs, et cetera. But not only have we improved the backstretch, we've significantly enhanced the level of purses that have been distributed to the horsemen. In 2013, $59 million in purses were paid, which is more than double what was paid before the casino opened in 2004, and our average daily purses were $302,000 per day.

Although we are very proud of our success to date, we are constantly looking and striving for new opportunities, new ideas, new ways to grow the business. Right now the city is packed, however, we recognize that there are challenges to the industry both in technical advances and competition. And our management works on a daily basis to come up
with ideas, explore different options to grow the business, grow the tax revenue stream for the Commonwealth. We have an outstanding technical team. And this technical team will help lead us into the future, which we do believe is a critical component of our growth. As you know, we presented the mobile gaming and social gaming device activities to you back in April. And we are preparing and will become ready whenever, if ever, internet gaming does become available in Pennsylvania.

From a competitive perspective, we are continually looking at new amenities and options for customers to continue to drive growth, not only in this local region, but to create a destination environment for people from a wider radius. We have several options that we're currently considering to expand the casino, and we're very close to moving forward on that. So, as long as Pennsylvania and the casino is permitted to operate on the level playing field that we have today, we are very confident that we will not only be able to maintain, but grow the tax revenues that have been generated by Parx for the state.

Another benefit of the success of our casino is the growth in employment. Our workforces of
December 2013 consisted of 1,852 employees in the gaming operation, 545 employees in the racing operation. Of the 852 casino employees, 82 percent of them are Pennsylvania residents, and 37 percent are representatives of historically underrepresented groups, and 39 percent are women.

With the launch of the casino, we've also created 125 full-time permanent executive managerial and professional positions. Seventy (70) percent of all our internal advancement opportunities have been filled internally. We're very much committed to creating a career path for our employees and again, speaking to the theme of a talented, motivated, engaged workforce, we strive to make sure that people do have a career path and we've delivered on that. We've also created many new casino professions ranging from finance, information technology, food and beverage, cocktail servers, human resources, et cetera. And, again, 82 percent of these employees reside in Pennsylvania.

Simply stated, we have more than fulfilled the objectives of the enabling legislation and the promises that we made to this Gaming Board back in 2006. I would now like to introduce our next presenter, a man who has been an integral part of our
success, Mr. Ron Davis, our Chief Diversity and
Inclusion Officer and Director of Community
Development. Ron?

MR. DAVIS:

Thank you, Tony. It's Ron, D-A-V-I-S.

Thank you, and it is an outstanding opportunity and
honor for me to be here representing Parx and the
things that we've done. Before I get to the slides,
let me say how passionate I am about what we've done,
because we've helped people have jobs and helped them
eat. That's my perspective. People who have not
experienced employment before, a whole range of people
who have not been at the table, and we've helped them
realize those jobs through Parx.

Diversity is different individuals
valuing each other regardless of skin, intellect,
talent or years. That value has to be there for any
person, business, corporation or community to really
understand what's going on. And I value and we value
the partnerships that we've formed, some of them
represented out in the audience, that have been there
since 2006 and before 2006. They are outstanding
representatives of what we feel are high performance
communities and high performance businesses. We are a
high performance business because we realize that
effective teams drive high performance businesses.
I've had, in my career, the opportunity to play in the National Football League. So, I was on ineffective teams, so I know what effective teams are.

But the driving of performance through high performance organizations under Tony's leadership and our Board leadership is certainly there. And I'm just proud to be a part of it these last seven years. It's just been outstanding. One of the principles that we strive at, we just didn't want good faith. We wanted the best faith in everything that we do. The word best you'll hear a lot. Best employees. Best outreach. Best inreach to our employees. So, the things you will see on this --- on our presentation represent the best of each one of those categories. And I'm, again, proud to be part of that. But I must say our partners in the community, I'm proud to be a partner with them, of the --- and you'll see that, again, in the presentation.

One of the partners, though, with PGCB is Mozelle Daniels, and I commend her for being a great steward of all things that you represent, but also looking at opportunities for inclusion and awareness of inclusion as she has been. She actually participates with us in a lot of our outreach efforts,
so I commend her. And our report is really her report, this diversity report that you've received every year. And you can see how outstanding we feel Parx has done compared with other operations within the state, so we're very, very pleased with that.

I want to look at employment through diversity employment with historically unrepresented groups. We're very proud of our outreach from a human resources standpoint because we've gone the nontraditional route in some cases. We've gone to churches, we've gone to community centers to find people who are talented. We are also, of course, on the internet. We've done a lot of things. Actually, we used the --- back in 2009, when we opened the second level of our gaming operation, we had thousands of people around our visitors centers. Jerry Lepping, who's our Executive Director there, can attest to that. Thousands of people who wanted jobs. Again, that's key for us. Jobs for Pennsylvanians, by the way. The 39 percent total workforce are female. And all of these measures are not just staff. We want to continue to move them, we want to continue to give opportunity to those within our operation.

As you turn to the next page, diversity in construction and vendor purchasing. Twenty-seven
(27) percent of our total expenditures for the new casino were allocated to MBE and WBE businesses. Very important, because that's the best faith that we certainly brought to the table. And again, if I might commend Mozelle again, we have had roughly 28 to 29 meetings. Every quarter we meet and talk about ways to do what we do better. And one of the things that came out of one of those meetings was the term LBE. That didn't come from another --- an economist or --- we thought that if a casino did well, then the community around it should do well. So, we came up with the LBE measurement, local business enterprise. And now that's used statewide to really define what a casino means to a community. So, we're very proud of that.

And you'll see some numbers here. Local business enterprise and in-state expenditures from 2006 to 2014 was $694 million out of $1.3 billion, 53 percent. And that is an exciting, realistic measurement, particularly when you look at other communities not far from here who have not invested in their communities, and you see what's happened. We've done --- NBE/WBE for that period was $45 million. And then, we do outreach. So, we have ten how to do business sessions with Parx, not from only the
standpoint of historically unrepresented groups, but from the standpoint of business. We're part of the business outreach, particularly with the local businesses. We have 600 outreach meetings with MBE/WBE/LBE individuals and suppliers. And we maintain an active membership with the Eastern Minorities Supplier Development Council. As well, we maintain active membership with the Women's Business Enterprise Council. We also --- not on the screen, Professional Women's Business Network is part of our outreach, along with the Transportation Management Association.

We are an active member of various local business development groups. Hispanic Chamber, African-American Chamber of Commerce, Asian-American Chamber of Commerce, Lower Bucks, Upper Bucks, Central Bucks Chamber of Commerce. And we're members of Visit Bucks, our tourism component. Over the last eight years, we have contributed more than $1.6 million to Pennsylvania's Educational Improvement Tax Credit, EITC, and Opportunity Scholarship Tax Credit, OSTC programs, with annual contributions of $315,000 benefiting nine different grade schools and high schools in our area.

Since 2006, we've awarded $50,000 in
scholarship to 80 college-bound students of Bucks County Technical High School, Bensalem High School, Conwell-Egan and Archbishop Wood Catholic High Schools. Having people --- one of the things that happens and that's exciting, people come back after receiving these scholarships after four years and tell you what that scholarship meant. It's very, very compelling for us.

We meet regularly --- and some of them are in the audience --- with the Bensalem Gaming Advisory Board to ensure that the Advisory Committee is informed about current operations and our future plans. And then, really to find the pulse of the community, we feel very strongly that service on the Board is important. So, we're on the American Red Cross Board, Network of Victim's Assistance, Citizens Crime Community, United Way of Bucks County, Lower Bucks Chamber of Commerce and Livengrin. We're also on the Boys Scouts Council of Bucks County and the African-American Chamber of Commerce. We're on all those boards. We also have a corporate membership by way in NAACP of Bucks County and host their annual meeting.

Compulsive and problem gambling highlights. We've worked with representatives of the
Council of Compulsive Gambling to establish comprehensive compulsive and problem gambling training. We've incorporated compulsive gambling training into new employee orientation to ensure all team members are trained and aware. Yearly, $25,000 is contributed to the CCGP. Annual sponsor of --- we're an annual sponsor of CCGP educational training in Eastern Pennsylvania, and I had the honor to be chair of our Responsible Gaming Committee within our operation.

Community involvement. Since 2006, we have made donations and established sponsorship totaling $45 million over --- to over 400 organizations. I don't think there's any question that even the group of casinos we've --- just Parx pales in relationship to them as far as the contributions that we've given to the community. We have donations made to international, national, local groups that support many of their causes. And you see them there. I'll just point out a few that I feel need to be highlighted.

Habitat for Humanity. Our employees participate --- in fact, we're on our third build with that. We really feel, again, giving back to the community through Habitat is one outstanding way that
we can contribute. Special Olympics. The Special
Olympics efforts that we have, not only locally, but
statewide are certainly notable. And then, you see
Pride Day, one of the things that --- we want to make
sure that Bensalem has its community thought about in
festivals and all the other things that it does, so we
contribute to that.

We also have veterans outreach programs.
And for those of us who may not be aware, there are so
many veterans outreach programs that, not only we
participate in, but we're going to. There's one
called Stand Man, which basically brings in homeless
veterans to a camp that we'll participate in. There's
another one called Honor Fight. There's a tremendous
veterans outreach that we have. But we will do and
are going to do more. Then the handicapped or
disabled, we really need to reach out more. In fact,
we're volunteers with the Wheelchair Games that's
coming up next month in Philadelphia. So, we have
each one of those. We're going to do more with the
LGBT community. We feel that's a really good
opportunity to do a lot of outreach.

And Parx, along with these kinds of
things, have been the creator of things over that
period of time. We've had excess food in our
inventory, so we give them to food banks. We don't do it --- we don't beat our chest about it, we just give it to them. We had --- when we changed brands from Philadelphia Park Casino to Parx, we had uniforms or business suits that were leftover from that change. So, we go --- we gave that to the community, to churches, to those who needed it in our community. So, creative ways to help.

For all of this and more, our community involvement is outstanding. We've been recognized by the U.S. Department of State --- diversity and for our diversity and inclusion, in the top 100 businesses in the U.S. Women's Business Enterprise Center award of excellence we received. Bucks County NAACP award for community service. And we have a tourism impact award --- two awards from our friends at Visit Bucks. And the Bensalem Jewish Outreach Center community service award.

But all of this are awards of paper and things like that. The real impact are people having jobs. People having a seat at the table. Someone once said, if you're not at the table, you're on the menu. We want everybody at the table to be part of the solution. Parx --- one of the things that I kind of coined a phrase. We're always --- the P-A-R-X,
proud and always reaching for excellence. And in this category, we are reaching for excellence. Turn it back over to Tony.

MR. RICCI:

Thank you, Ron. And as a result of Ron's tireless efforts, you get a sense of the accomplishments we've made for the community. No casino could have a better representative than Ron. And his NFL career not only enabled him to identify a good or bad team, it toughened him up for the rough and tumble world of casino gaming. I'm not sure it's like a goal line pile-up, but it can get rough some days.

In closing, I would like to express that we are deeply conscious of our responsibilities as a Gaming Licensee, and also the promises that we made to this Board back in 2006. I'm very pleased to state we've delivered on those promises. And I list them here, not only to let you know that we've achieved them, but also to let you know we haven't forgotten, we're committed to continuing to achieving these promises.

We promised there'd be job creation. We've created almost 2,000 jobs here at Parx alone, not to mention the multiplier effect that --- from the
spin-off business based on Ron's fine efforts in the local community. Again, that leads to the next promise, which was generation of new business for local suppliers and vendors. We've done that. We've recaptured dollars leaving the state. If you look at Atlantic City's performance, we've succeeded there. We've been a catalyst for future capital investment in Pennsylvania. We've invested ourselves approximately $650 million since we were issued our license in 2006, and that doesn't count all the other investment related to our businesses.

We've provided significant tax benefits to the state, over $1.5 billion since our opening in 2006. We've made physical improvements to the track and the back side, much more than the mandated minimum in the legislation. Ron's efforts in diversity and inclusion, involvement with the community and charitable giving have far exceeded any of the other casinos in the state. We've hired locally and utilized local businesses, we've partnered with educational institutions and we're committed to participate in efforts with the community to develop the economic area. We've got open communication with the local authorities, businesses and residents of the area. Ron mentioned the Gaming Advisory Boards. And
we have a tremendous record in compulsive gaming and compliance.

I'm very proud of this record and I commit to you that we are committed to continuing to deliver on these promises and you can count on what we do promise. We're very conscious of our reputation and our integrity. So, thank you very much for this opportunity, and we remain available for questions or however you would like to proceed.

ATTORNEY KOHLER:
And with that, Director Lloyd, we conclude our Direct case.

PRESIDING OFFICER:
Would you like to move the PowerPoint into the record?

ATTORNEY KOHLER:
Yes. Can we move it in as Parx Exhibit Number One?

(Parx Exhibit One marked for identification.)

PRESIDING OFFICER:
Yes. Any objection?

ATTORNEY MILLER:
No objection.

PRESIDING OFFICER:
Well then, we'll turn to the OEC for any questions you may have of Parx.

ATTORNEY MILLER:

Thank you. My name is Dustin Miller, I'm Assistant Enforcement Counsel for the OEC. With me today is Nan Davenport, Deputy Chief Enforcement Counsel for the OEC. Good morning, Director Lloyd, Chairman Ryan, members of the Board.

I just have a few questions based on the presentation for --- I guess for Mr. Ricci, primarily. I'd ask you to, if you could, turn to page --- slide six?

MR. RICCI:

Yes.

ATTORNEY MILLER:

And that's the workforce summary as of December 2013. Do you know, since that time, has the workforce pretty much remained stable, decreased, increased?

MR. RICCI:

Relatively the same. There's been a slight increase in table game staff, but it's in the --- around the same level.

ATTORNEY MILLER:

Okay. And I know earlier in the
presentation you had mentioned that you have a very
competitive benefits package for your employees. Is
that for full-time employees and part-time employees,
or ---?

MR. RICCI:
It's for full-time employees, yes.

ATTORNEY MILLER:
Full-time employees. And the slide does
not indicate how many full-time employees that you
have. Do you know off the top of your head how many
full time ---?

MR. RICCI:
It's approximately 65 percent of the
total.

ATTORNEY MILLER:
Okay. And I know you had mentioned in
the presentation that you guys are considering several
different plans for future amenities. And you had
specifically mentioned the mobile gaming presentation
you had done. I believe that was a couple board
meetings ago.

MR. RICCI:
Yes.

ATTORNEY MILLER:
Do you have any kind of time frame for
when you're going to make a decision on these future amenities?

MR. RICCI:
Some of that depends on our regulators. When these technical advances are approved, we intend to quickly implement them. We're working together with Williams, which is a gaming equipment manufacturer, and also the Gaming Board lab to convince them that these are operating properly. Obviously, we have to maintain the integrity of the gaming operation.

ATTORNEY MILLER:
Would any of these plans involve expanding the facility?

MR. RICCI:
We do have plans that we're considering to add amenities. I can't go into great detail right now because they're not formally approved, but we're very close.

ATTORNEY MILLER:
Okay. Now, the next question I have is not based on your presentation. This is a situation that actually occurred. Your license was renewed in, I believe it was, September of 2010. In late summer/early fall of that year, there was a number of
incidents, I think it was, I believe, four or five incidents, where children were left in vehicles in the parking lot ---

MR. RICCI:
Yes.

ATTORNEY MILLER:
--- of Parx Casino.

MR. RICCI:
Yes.

ATTORNEY MILLER:
And if I may, I'd like to ask you what --- and that's --- and I would like to say that that has tapered off since that time. But I would like to know what you guys have done to make that happen?

MR. RICCI:
Sure. I'm happy to answer that. We were shocked and dismayed that someone would do that with a child. It's obviously poor parenting. But when we discovered that this was occurring, we concentrated additional security rovers on a 24-hour basis to constantly monitor the parking lot. Separately, we worked together with our customers. We actually put notices in the area for customers to let us know. And on a couple of occasions, customers have let us know that children were left unattended in a
car. And all of those efforts have contributed to the tapering off you referred to. And we will continue that.

ATTORNEY MILLER:
Now ---?

MR. RICCI:
Particularly in the summertime.

ATTORNEY MILLER:
All right. I'm sorry. You did mention the rovers. Is that a vehicle or is that ---?

MR. RICCI:
It's a vehicle. It's a vehicle, yes.

Multiple vehicles.

ATTORNEY MILLER:
Multiple vehicles?

MR. RICCI:
Yes.

ATTORNEY MILLER:
Do you know how big your parking lot is?

MR. RICCI:
It's huge. We have over 450 acres, so we have well over 8,000 parking spaces. What that translates to in acreage, I'm not sure.

ATTORNEY MILLER:
We don't have any further questions at
PRESIDING OFFICER:
Any follow-up, Mr. Kohler?

ATTORNEY KOHLER:
No, Director Lloyd. Thank you.

PRESIDING OFFICER:
Okay. Well then, we'll --- that will conclude the Parx portion and we'll have --- hear from Frederick Harran. And if you can stay standing when you get up here. If you want to come and sit next to Mr. Miller? Stay standing and raise your right hand. We'll swear you in with the court reporter.

FREDERICK HARRAN, HAVING FIRST BEEN DULY SWORN, TESTIFIED AS FOLLOWS:

PRESIDING OFFICER:
You can sit down.

MR. HARRAN:
My name is Frederick Harran, H-A-R-R-A-N. I'm the Director of Public Safety for Bensalem Township, which translates, I am in charge of police, fire and EMS and public safety for the municipality. I've been here since 1987 and was very involved with Parx joining Bensalem Township in 2006. It will be
very short testimony. I've been asked to just say a
couple things.

They are a phenomenal partner.

Obviously, we did not know what --- or I did not know,
as far as law enforcement and public safety, what to
expect with a casino coming into town. This was new
to Pennsylvania and certainly new to Bensalem
Township. I couldn't imagine working with any other
organization delivering gaming. They've been
fantastic partners. They've worked with us to deal
with issues that have come up throughout the years,
whether it be traffic congestion, traffic accidents,
incidences at the casino or surrounding the casino.
They've been a phenomenal partner.

Their security department, their upper
management, the gaming authorities, the Pennsylvania
State Police, it's been one huge team involved with
making sure that not only the customers and patrons of
Parx is safe and secure, but also the surrounding
community. Whatever we've asked of them, they have
not put up any sort of a fight or we're not obligated
to do that according to the law of the gaming rules
and regulations. They work with us to make sure that
everybody in town is safe and they've been just a
phenomenal partner. We've actually seen, over the
last years, decreases in calls at the track.

I just want to make comment because I certainly also have heard the children left in car stories. What people don't focus on Parx is just that we look at it as another business. Not to mention names, but many of the box stores have the same issue and nobody is jumping down their throats. So many of the box stores have the exact same issues that Parx have, but Parx is a little bigger so the --- if you're a mathematician, if you --- if there's more people, more incidences. So, it's not really the issue that everybody makes it out to be because it's happening all over, not only in Bensalem, but all throughout --- anybody that has any type of stores or casinos.

With the exception of Parx and the other businesses, nobody else has taken a proactive stance on it. Parx has done things that they're not obligated to do, they're not the parent police and they have done well above anybody's expectation to work with us. Matter of fact, many of the calls now come, as you heard testimony, from their customers and their security personnel of children left in cars. And the --- it has decreased so much that we've had zero in 2014. Of course, I probably just jinxed us, but we've had zero in 2014. So, it really --- the
problem does not seem to exist the way it was for the last couple of years.

PRESIDING OFFICER:
Okay.

MR. HARRAN:
That's really all I have.

PRESIDING OFFICER:
Is that all you have? Any questions for Mr. Harran?

MR. HARRAN:
Thank you.

PRESIDING OFFICER:
Okay. You're excused. Thank you.

ATTORNEY MILLER:
Director Lloyd, we got notification that the Mayor also has a time situation. So, they asked if he could speak at this time ---

PRESIDING OFFICER:
Any objections?

ATTORNEY MILLER:
--- unless anybody has any objection to that?

PRESIDING OFFICER:
Sure.

OFF RECORD DISCUSSION
PRESIDING OFFICER:
If you could please remain standing and raise your right hand, we'll have the court reporter swear you in.

JOSEPH DIGIROLAMO, HAVING FIRST BEEN DULY SWORN,
TESTIFIED AS FOLLOWS:

MAYOR DIGIROLAMO:
Well, good morning. It's certainly an honor to have the Board here in Bensalem and in our chambers here. First, I want to touch on one thing. I think Bensalem is the only one to have an Advisory Board. They meet once a month with the casino and go through their issues and other issues, and certainly report to me those issues that are going on and there's something we can do about it. And they do, and the casino always has responded.

Something that --- certainly the testimony from Mr. Ricci and Ron Davis --- I think you see the passion when they talk about those things. And they're not just talking to you. I mean, this is a successful, successful business partner we have here in Bensalem. We're very proud of them. We're very, very proud. They respond to all the constituents, any
kind of a problem. They're always there. They respond to me. They'll meet with us on any given day, any call. It's just been a great relationship, and we expect that to continue.

Now, you heard our Director talking about the problems that were set up way back before the licenses were given out, with all the different kind of problems that could happen here. We haven't witnessed that here in Bensalem. We've had very little problems with the police coming in, and I keep telling the Director, well, that means we don't need as many policemen. And he comes back and says, no, if you do that, we need more. So, we've been really, really fortunate, I think. I can't say enough for the partnership that we've had.

And I know working with our Senator, our State Representative here in Bensalem and our Council, it's a team, and Parx is a big part of that team. They mentioned we have some many things going on here. They take part in everything. We have a fall festival here. 30,000 to 40,000 people come through here. Parx Casino is there. We have job fairs. Parx Casino is there at the job fair.

So, the employment, they are our largest employer here in Bensalem. I don't know how many of
you know, we are the eighth largest community in the State of Pennsylvania, so it's a very large ---.
We're a second class township, but a lot of people think we should be a city. And most of you know, if you're a city, you can tax people as much as you want. So, the people here want us to stay as a second class township. So --- and the Senator, I think agrees with me and the State Representative.

But really, I can't say enough for it. And, again, the passion that you heard from Ron, we see that on a daily basis. I actually worked with Ron Davis. I was on the Convention Center Board for many years, and Ron Davis worked on there and did such a fabulous job down there. And he continues to do it here. I would gladly answer any question. I had --- you know, I'm a pretty outspoken guy. If there's something negative, I'd talk about it. And we just don't have that here. We're the luckiest people, I think, of anywhere. And for what they do for us, I don't think anybody can duplicate that. I mean that with all sincerity. The Senator will tell you, I'd be the first one jumping up and down when --- if something's wrong, but ---. And I really thank them for the job that they are doing here and how responsive they are and responsible. So, if you have
any questions, I'd be glad to answer them. Okay.
Thank you, and again, welcome to our community.

PRESIDING OFFICER:
Thank you.

OFF RECORD DISCUSSION

PRESIDING OFFICER:
So with that, we'll turn it over to OEC for their portion of today's hearing.

ATTORNEY MILLER:
We will have to get our audio/visual set up here. One second.

PRESIDING OFFICER:
Well, while you're doing that, I do have a housekeeping matter. We also received several written comments into the record before the deadline. One was from the Teamsters Union Local Number 115 in support of the renewal. And we received two via our website, one in support, saying that Parx has excellent customer service and promotions. And one that was neutral, saying that this individual believes their money is held in escrow for taxes that are in dispute by Parx Casino. Our taxes have been raised. If we have this money, maybe an increase would not have been necessary. When will this dispute be rectified and answered?
Those are the three written comments that we received. And if there are no objections, we'll move those into the record as Hearing Exhibit Number One.

(Hearing Exhibit One marked for identification.)

ATTORNEY MILLER:
No objection.

PRESIDING OFFICER:
Okay. Take it away.

ATTORNEY MILLER:
Good morning, again. We have four witnesses today and a Joint Stipulation we'd like to put into the record. The first witness I'd like to call is Lieutenant Michael Witmer from the Gaming Enforcement Office of Pennsylvania State Police.

MICHAEL C. WITMER, HAVING BEEN PREVIOUSLY SWORN, TESTIFIED AS FOLLOWS:

A. Good morning.

DIRECT EXAMINATION

BY ATTORNEY MILLER:

Q. Lieutenant Witmer, could you state your name and spell your last name?
A. My name is Michael C. Witmer. The last name is W-I-T-M-E-R.

Q. And what's your title and duties?

A. I am the eastern section commander for the Pennsylvania State Police's Bureau of Gaming Enforcement. And my duties include supervising the State Police gaming operations at casinos, including SugarHouse, Parx, Chester and Valley Forge.

Q. And how long have you been with the Pennsylvania State Police?

A. I've been with the State Police for 22 years, and the Bureau of Gaming Enforcement for almost six.

Q. Could you tell the Board what the role of Pennsylvania State Police at a licensed facility is?

A. The State Police are responsible for law enforcement on the gaming floor of the casino.

Q. And who would have the primary jurisdiction over the parking lot of the casino?

A. In the instance of Parx Casino, it is located in Bensalem Township, and their police department covers that area.

Q. And how is Pennsylvania State Police's working relationship with Parx Casino?

A. Very professional, very efficient. Any time we have any issue, it's handled professionally and
quickly.

Q. And do you have that same relationship with the Bureau of Casino Compliance for the Pennsylvania Gaming Control Board?
A. Absolutely.

Q. Okay. At this time I'd like to ask you some questions about the UCR, the Uniform Crime Reporting system. Are you familiar with that system?
A. Yes, I am.

Q. And what agency compiles the information contained within the Uniform Crime Reporting system?
A. The Pennsylvania State Police in the Commonwealth of Pennsylvania is responsible for it here, but it's administered and overseen by the FBI.

Q. And is that in an electronic format?
A. Yes, it is.

Q. Okay. And is it available to the public?
A. Yes. It's available through the Pennsylvania State Police website.

Q. And how often is the information on that website updated?
A. Monthly. And by the 10th of each month, the information is input.

Q. And can that information be later edited?
A. Yes, and it often is.
Q. Under what circumstances?
A. At the end of the month, statistics are gathered, compiled and entered into the report. And if anything is determined to have had happened subsequently afterwards, the data goes onto the next month's report. So, we don't go backwards and change what's already in there. We just add the new statistics to the next report. Even, for example, if we find that one investigation is determined to be unfounded, we will list that on the next month's report as an unfounded offense.

Q. Can the number of offenses listed in the report be reduced if the case is later determined to be unfounded?
A. No. It will still be listed as a known offense. But then again, it will be listed on the next month as unfounded.

Q. Okay. And what all information is contained in the Uniform Crime Reporting system?
A. Types of crimes, numbers of offenses and information on the offenders, including sex and age.

Q. I'm going to ask you some questions about Parx, specifically. If you could, take a look at the slide that is --- could you tell us what we're looking at there?
A. That's a snapshot of, I believe it's 2010, and the year-to-date criminal statistics that were entered by the State Police Gaming Enforcement at Parx Casino for the time period stated.

Q. How are the offenses that occur at a licensed facility entered into the UCR?

A. There's one supervisor at each location that has been trained in the UCR system and how to classify and score offenses and to enter the data in the system.

Q. Does the UCR list the number of actual offenses that are prosecuted?

A. No, it does not.

Q. Based upon the report --- actually, we're looking at --- that would be year to date, December 2010 and year to date. What is the most common criminal offense?

A. It would fall under forgery and counterfeiting.

Q. Is that --- I want to show you some other slides. There's December 2011 and there is December 2012, '13, and then, finally, '14. It appears --- is that consistently the most common?

A. That is correct.

Q. What are --- could you tell us some examples of those type of offenses?

A. Counterfeit money, and there's obviously a lot of
money so there's a lot of counterfeits.

Q. Are there a significant number of violent crimes at Parx Casino?
A. No.

Q. How about crimes regarding individuals under the age of 21?
A. At Parx Casino, from what we see and the number of people that go to the casino, very, very few under age 21 incidents.

Q. Now, just for example, we're looking at the UCR from --- up to June of 2014. And to the right-hand portion of the screen we see offenses regarding juveniles, and there's zeros in that column. Is juvenile --- I guess a juvenile is a different definition for crimes as compared to underage people in the casino?
A. Correct. For UCR purposes, a juvenile is anyone under 18.

Q. Could you tell us, has there been any noticeable increase in any specific crimes between September of 2010 and the present?
A. Yes. Any crime relating to table games, when they came on board in July of '10, obviously have increased since then, but it's leveled out over the years.
Q. Was there any specific crime that increased based upon the introduction of table games?
A. Cheating.
Q. After reviewing the UCR for offenses reported for Parx Casino, do you see any type of pattern of actual offenses that have occurred at the licensed facility?
A. Nothing of significance, no.
Q. And this --- the actual slide that we're looking at now regarding the month of June 2014, that's the latest report that's out there?
A. Correct. Those were statistics that were entered from June, and there is also a year-to-date column there for 2014.
Q. Is there a conclusion that can be drawn based upon the crime statistics between the different facilities in Pennsylvania based upon the data contained in the UCR?
A. No, not solely by looking at the numbers. If and when anyone wants to make a comparison, they really have to take into account all of the different variables, identify them, understand them and consider them to make any kind of meaningful comparison.
Q. Do you have any issues or concerns that you think would negatively impact the suitability of Parx Casino for renewal of its Category 1 Casino License?
A. We do not.

ATTORNEY MILLER:
Thank you, Lieutenant Witmer. I don't have any further questions.

PRESIDING OFFICER:
I have one question. You said that with the institution of table games, the incidents of cheating increased. Under what category in the Uniform Crime Reporting system would cheating be?—?
A. That would be under other offenses in part two.

PRESIDING OFFICER:
Other offenses?
A. Uh-huh (yes).

PRESIDING OFFICER:
I'll turn it over to Alan Kohler. Do you have any questions?

ATTORNEY KOHLER:
I just have one question of clarification.

CROSS EXAMINATION
BY ATTORNEY KOHLER:
Q. You indicated that the highest volume category was, I believe, counterfeit money. Is that unusual for a Pennsylvania casino?
A. We notice a higher rate in the southeastern part
of the state, but looking at the volume and number and revenue, it's not outside the norms.

Q. And Parx Casino is one of the larger casinos in Pennsylvania; is that right?
A. That is correct.

Q. So, you would expect the actual numbers to be --- to reflect the fact that it's a very large casino; is that fair?
A. Yes.

ATTORNEY KOHLER:
Nothing further.

PRESIDING OFFICER:
Mr. Miller?

ATTORNEY MILLER:
No Redirect.

PRESIDING OFFICER:
Any questions from Board members? Okay.
You are excused.

ATTORNEY MILLER:
At this time I'd like to call John Sentell from the Bureau of Casino Compliance.

JOHN SENTELL, HAVING BEEN PREVIOUSLY SWORN, TESTIFIED AS FOLLOWS:

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DIRECT EXAMINATION

BY ATTORNEY MILLER:

Q. Mr. Sentell, could you state your full name for the record and spell your last name?
A. It's John Sentell, S-E-N-T-E-L-L.

Q. And who are you employed by, Mr. Sentell?
A. The Pennsylvania Gaming Control Board, Bureau of Casino Compliance.

Q. What's your title?
A. Senior supervisor.

Q. How long have you worked for the Gaming Control Board?
A. Since 2006.

Q. And as a senior supervisor, what are your duties?
A. I'm responsible for supervision of the Bureau of Casino Compliance offices, primarily in the eastern part of the state.

Q. And Mr. Sentell, could you describe the role of the Bureau of Casino Compliance at a licensed gaming facility?
A. Yes. The Bureau of Casino Compliance is the 24-hour a day, seven day, boots on the ground regulatory review and oversight of licensed casinos in Pennsylvania.

Q. What are some of your job duties that, you
know, ---?

A. We conduct compliance reviews of the daily operations of the casino. We also interact with patrons on a daily basis for questions or concerns or complaints. We're also the primary operational liaison with other state agencies that interact with the casino as well.

Q. Do you make sure that the employees of the casino are properly licensed?

A. Yes, we do.

Q. How about, do you --- does the Bureau of Casino Compliance have to be familiar with the Board regs and internal controls?

A. Yes, we do.

Q. And you ensure that the casino complies with those?

A. Yes.

Q. What kind of access do you have inside the facility?

A. We have unfettered access to all the casino management systems and the facility itself.

Q. And do you have any interaction with patrons?

A. Yes, we do.

Q. What interaction?

A. We answer questions. Patrons sometimes have
questions about the rules of the games or the operation of slot machines. We handle complaints which generate investigations where we interact with other agencies within --- or other offices or bureaus within the Gaming Control Board to try to get a determination --- to make sure the patron gets a fair shake.

Q. Is the Bureau of Casino Compliance involved at all with the self-exclusion process?
A. Yes. We also conduct intakes for the self-exclusion program, as well as facilitate distribution of the self-exclusion lists to the licensed facilities in Pennsylvania, along with the Office of Problem and Compulsive Gambling.

Q. On your end, how is the relationship between the Bureau of Casino Compliance and Pennsylvania State Police?
A. Outstanding.

Q. And how about your relationship between the Bureau of Casino Compliance and Parx Casino staff?
A. Excellent.

Q. Have they been cooperative in compliance reviews you've conducted?
A. Yes, they have.

Q. And what are the biggest or most common
regulatory issues that you guys run into at Parx Casino?
A. There's no particular chronic regulatory issue. I believe I attribute that to a proactive stance. When a problem is identified early on, and it's a small problem, there's a collaborative effort between the Bureau of Casino Compliance and the casino management to fix that problem before it becomes a larger problem.
Q. And do you have any issues or concerns that would negatively impact Parx Casino's suitability for continued licensure?
A. No, I do not

ATTORNEY MILLER:
Thank you.
A. Thank you.

PRESIDING OFFICER:
You're not done yet, John.
A. Oh, sorry.

PRESIDING OFFICER:
Not that easy.
A. Not that fast.

PRESIDING OFFICER:
Alan Kohler, do you have any questions for Mr. Sentell?
ATTORNEY KOHLER:
No questions.

PRESIDING OFFICER:
Board members? I think we have one here.

MR. FAJT:
Thank you, Linda. John, what's the number one complaint you get from patrons regarding the Parx Casino?
A. I believe the number one complaint, I would say, is patrons question the payout of slot machines. A patron will spend a significant amount of money in a slot machine and they won't win what they thought they should've won in that play of the slot machine. So, we have to explain the theoretical payout and what that basic principle is with a slot machine. That's probably the most common complaint we get.

MR. FAJT:
Do you get many complaints on smoking?
A. We do from time to time. And our agents, they're on the floor 24/7. They will monitor the casino's efforts in complying with the Clean Indoor Air Act.

MR. FAJT:
Thank you.
A. And Parx is very responsive in that aspect.
MR. FAJT:
Thank you.

PRESIDING OFFICER:
Okay. Any questions? Any follow-up, Mr. Kohler?

ATTORNEY KOHLER:
No.

PRESIDING OFFICER:
No? Okay. Now you can go.

A. For real. Thank you.

ATTORNEY MILLER:
Okay. Our next witness is going to be Michael Wilbur from the Bureau of Investigations and Enforcement (BIE).

MICHAEL WILBUR, HAVING BEEN PREVIOUSLY SWORN,
TESTIFIED AS FOLLOWS:

DIRECT EXAMINATION

BY ATTORNEY MILLER:
Q. Mr. Wilbur, could you state your full name and spell your last name for the record?
A. I'm Michael Wilbur, W-I-L-B-U-R.
Q. And how are you employed by the Board?
A. I'm an investigator with the Pennsylvania Gaming
Q. How long have you been doing that?
A. A little over seven years.
Q. And as an agent for BIE, what are your job responsibilities?
A. I conduct extensive backgrounds and --- for companies and individuals that wish to work in the legalized casino gaming in Pennsylvania.
Q. And in your professional capacity, have you been involved in the investigation of Parx Casino's renewal application?
A. Yes, I have.
Q. And when did that investigation begin?
A. August 21st, 2013.
Q. Could you tell us what the scope of the investigation is?
A. For any entity or associated entities, we look at the corporate structure, corporate organization and finances. I look at the violations of laws, the violations of rules and regulations. I review the consent agreements and warning letters associated with those violations of rules and regulations. I review any current and recent litigation and check for tax compliance. And we do a complete and thorough background investigation for all the principals
involved.
Q. And has Parx been cooperative during the course of your investigation?
A. Very.
Q. And is your investigation complete?
A. Yes, it is.
Q. During the course of your investigation, did you discover any areas of interest?
A. There were several areas of interest that I discovered during the investigation. A few of those involved Parx Casino or the Greenwood Group applying for other gaming licenses in this jurisdiction for the Philadelphia license, and they've also applied for and been found suitable in Massachusetts for a Slots Parlor License, and also in the State of Maryland for a Casino License.

Also, there has been two other areas that I looked into. There was a incident that occurred here at Parx Casino --- or at the racetrack, actually, back in 2010, when they conducted some renovations in the grandstand area. And they had authorization from Pennsylvania Gaming Control Board, but they failed to get the authorization from the Pennsylvania Horse Racing Commission. They received a fine, they paid that fine, and they're now in good standing with the
Pennsylvania Horse Racing Commission.

Also, in 2011, there was a Consent Agreement with the EPA where they failed to fully comply with an agreement that was reached back in 1997 to correct some runoff issues back in the backside of the track area at some barn areas.

Q. And do you know what the status of that ---?
A. That fine has been paid and cleared, and they're in 100-percent fine standing with the EPA.

Q. Did BIE discover any areas of concern during the course of the investigation?
A. No, we did not.

Q. Maybe you could tell the Board what the distinction is between an area of interest and an area of concern as far as BIE goes?
A. An area of interest would be just some items that have come up that have been straightened out, taken care of, something that OEC and the Board might want to know about. An area of concern is something that is extremely important that could affect the Applicant's license.

Q. And did the BIE discover anything during the course of the investigation that would preclude a finding of suitability for Parx Casino?
A. No.
Q. And did the BIE have the opportunity to create a Report of Investigation for Parx Casino and has it been submitted to the OEC?
A. Yes. The full report was completed on January 31st of 2014 and submitted to OEC.

ATTORNEY MILLER:
Thank you.

PRESIDING OFFICER:
Mr. Kohler, any questions?

ATTORNEY KOHLER:
No questions.

PRESIDING OFFICER:
Board members?
A. Thank you.

PRESIDING OFFICER:
Okay. Thank you.

ATTORNEY MILLER:
Our final witness we have today is Elizabeth Lanza from the Office of Compulsive and Problem Gambling.

ELIZABETH LANZA, HAVING BEEN PREVIOUSLY SWORN, TESTIFIED AS FOLLOWS:

DIRECT EXAMINATION
BY ATTORNEY MILLER:

Q. Ms. Lanza, could you state your name and spell it for the record?
A. My name is Elizabeth Lanza, L-A-N-Z-A.

Q. And what position do you currently hold with the Board?
A. I am the Director of the Office of Compulsive and Problem Gambling.

Q. How long have you been the director?
A. Since 2010.

Q. Could you tell us what the Office of Compulsive and Problem Gambling, what their responsibilities are?
A. Sure. We regulate licensees through their compulsive and problem gambling plans, as well as we maintain, administer and distribute the self-exclusion lists as well.

Q. So, licensees are required to have a compulsive and problem gambling plan?
A. That is correct, prior to their opening.

Q. And could you summarize what the Act and the Board's regulations require with respect to the plan?
A. Sure. There are a lot of components in the plan. Some of them include employee training, placement of required signage throughout their facilities, the recognition of problem gamblers and self-excluded
violators and underage individuals, as well. And responsible alcohol service is also included in the compulsive and problem gambling plans, just to name a few.

Q. Does Parx Casino have a plan in effect that addresses all of the provisions of the Act and the regulations?

A. Yes, they do.

Q. And do you recall when it was approved?

A. It was just approved June 27th of this year.

Q. Is that something that ---?

A. Well, their amendment was --- that was their last amendment that was approved.

Q. And that's what I was going to ask you. Do they submit like an initial plan and it has to be renewed every so often?

A. Right. Well, they submit the initial plan prior to opening, and it has to be approved prior to them opening their doors. And then, whenever they need to change the plan, they submit an amendment to my office.

Q. And you said that that --- they submitted --- the last time they submitted an amendment was in June?

A. Yes, that is correct.

Q. And was it approved by your office?
A. Yes.
Q. Can you describe the training, the compulsive and problem gambling training, that the Parx Casino employees receive?
A. Sure. Each employee of Parx receives compulsive and problem gambling training prior to the start of their job duties. And then they receive the training annually thereafter. So, every year the casino employees will receive problem gambling training. This training includes how to spot a problem gambler or how to identify somebody who is on the self-exclusion list. It also gives individuals --- gives employees the confidence to recognize problem gamblers, their characteristics and who to report if they suspect somebody has a gambling problem, what employee they report it to.
Q. Ms. Lanza, is it your opinion that Parx Casino has met all the requirements of the Act and the regulations regarding the submission and implementation of its compulsive and problem gambling plan, including the placement of signage and the implementation of training programs?
A. Yes.
Q. And has Parx Casino been in compliance with its approved compulsive and problem gambling plan?
A. Yes.

ATTORNEY MILLER:
Thank you. I don't have any further questions.

A. Thank you.

PRESIDING OFFICER:
Any questions?

ATTORNEY KOHLER:
No questions.

PRESIDING OFFICER:
Board members? No? Okay, Dustin.

ATTORNEY MILLER:
That's my last witness. At this time I would like to make a motion to move --- it's OEC Exhibit One, which is the Uniform Crime Reporting system slides into the evidence.

(OEC Exhibit One marked for identification.)

ATTORNEY KOHLER:
No objection.

PRESIDING OFFICER:
Okay. So moved.

ATTORNEY MILLER:
And the last thing I have --- I have a Joint Stipulation that I've signed with Parx regarding
--- it's actually OEC Exhibits Two through Six, and
I'd like to read it into the record.

(OEC Exhibits Two through Six marked for
identification.)

PRESIDING OFFICER:
Sure.

ATTORNEY MILLER:
Regarding these exhibits, on June 11th, 2014, the Pennsylvania State Horse Racing Commission issued a letter to Kevin Kile, the Director of Racetrack Gaming for the Pennsylvania Gaming Control Board saying that Bensalem Racing Association, Inc., and Keystone Turf Club, Inc. are in good standing with the Commission. And that's OEC Exhibit Two.

And on June 30th, 2014, the Bureau of Liquor Control Enforcement issued a letter to OEC stating there have been no issued citations or adjudications against Racetrack Food Services, Inc., since Parx's Category 1 Slot Machine License was last renewed in September of 2010. Since Parx was last renewed in September of 2010, the OEC and Parx have entered into nine Board Approved Consent Agreements, and Parx has fully complied with its under obligations under those Consent Agreements by paying $132,000 in civil penalties, among various other
remedies including employee training.

Also during that time, the OEC conducted eight compliance conferences of Parx's facility and in each instance, Parx took corrective measure to remedy the concerns of the OEC. The OEC has also sent 43 warning letters to Parx since the time of its last renewal for various violations of the Act and the regulations promulgated thereunder. Parx has appropriately responded to each and every warning letter issued by the OEC. And with that, I'd like to move --- by this stipulation, move OEC Exhibits Two through Six into evidence.

PRESIDING OFFICER:
Are any of these considered confidential exhibits?

ATTORNEY MILLER:
I believe ---.

ATTORNEY KOHLER:
Yes.

ATTORNEY MILLER:
Yes. I believe Five and Six, and they're appropriately marked as confidential.

PRESIDING OFFICER:
Okay. So, we will enter One --- or Two through Six into the record, with Five and Six
remaining confidential.

ATTORNEY KOHLER:
We signed the stipulation, so ---

PRESIDING OFFICER:
Okay.

ATTORNEY KOHLER:
--- we have no objection.

PRESIDING OFFICER:
Okay.

ATTORNEY MILLER:
And with that, we don't have anything further.

PRESIDING OFFICER:
Okay. Any questions from Board members before we move on to the public or what's left of the public? Okay. So, now we will begin the public portion --- comment portion. As I call your name, please come forward. Actually, whoever is left, I think there's four of you, if you could stand and raise your right hand and we'll just swear you all in right now by the court reporter.

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WITNESSES SWORN EN MASSE
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OFF RECORD DISCUSSION
PRESIDING OFFICER:
And with that, Senator Tomlinson, you can come on up to the microphone. Thank you.

SENATOR TOMLINSON:
Thank you, Director Lloyd and Chairman Ryan. Usually the table is on the other side here. I'm usually sitting there and you're usually sitting here and I'm asking the questions, but thank you. Yeah, I am definitely going to behave. David Woods is here. I always behave when --- David Woods and Annmarie Kaiser in the room. But thank you for coming to Bensalem. Thank you for coming to the district. I just want to say without any reservations how proud I am of the leadership at Parx Casino.

Tony Ricci is a Father Judge graduate and a local Northeast Philadelphia boy, a somewhat so-so college basketball player. And Ron Davis definitely was a great NFL football player with the San Francisco 49ers and living proof that you can have a concussion and still have cognitive ability after that. But they truly have become great partners in Bensalem. Ron Davis is at Rotary Clubs, TMA meetings, Chamber of Commerce meetings, he is everywhere. And I know we stole you from the convention center, and that was a good deal for us. And Tony, being a local boy,
you really have done a great job with the casino, and
not just being a part of the community, but steering
this ship. It's really been incredible.

I was watching the Bloomberg News the
other night, the financial report. And they had an
analyst on there and they asked him, can New Jersey
ever recover from what's happened in Atlantic City?
Can New Jersey ever recover the revenues that they've
lost because of the 45 percent downturn in Atlantic
City? And it brought it all back to me when he said,
yeah, we've basically got to do what they did in
Pennsylvania. We've got to put the casinos where the
people are. And we all know and we've heard that
there has been political people and legislators in New
Jersey who've wanted to move casinos up into the north
part of New Jersey, raise the tax rate. And when you
think about our tax rate at 54 percent and their tax
rate at nine percent ---. And this casino is still
giving out $45 million to 400 organizations --- and
still paying a 54 percent tax is an incredible feat.

But it came full circle for me when I
saw that, because you and I have had conversations
about where is gaming going, is it internet gaming,
are we over saturated, is it a mature market? These
are all the things we're dealing with. And I thought
it was very interesting to watch the model that Everybody was trying to duplicate, which we did not. And we were accused back then, when we were doing this legislation, that, you know, you've got to be like Atlantic City. You can't be like Atlantic City. You want to be Atlantic City, yet you don't want to be Atlantic City. We didn't want to be Atlantic City. And we told the critics here in the community, we want a --- we don't want to be Atlantic City, we have no intention. We just want to keep our money on this side of the Delaware River. Of course, not only have we kept that money on this side of the Delaware River, we've brought a lot of their money back over to this side of the Delaware River and their numbers reflect that.

But it's interesting to see, as gaming is maturing and developing --- and you're sitting in the spot where basically it started. It started at Keystone Racetrack, and before that, Liberty Bell Racetrack. And 35,000 people a day used to come to these racetracks to watch --- you couldn't move up and down Street Road. You couldn't get out of your house, there were so many people coming here. And then all of a sudden Atlantic City happened and people's habits changed. Their choices changed. And then, Atlantic
City gets bigger and bigger and everybody's trying to
do it --- thinks that's great. And then, all of a
sudden, Delaware does slot machines at racetracks, and
takes some of our best horses. And then, all of a
sudden --- that's one of the big reasons that I got
involved in this, is I was watching --- because the
horseracing industry here, they live here. They're my
constituents. They work here full time. And they
were starting to move their operations down to
Delaware. We wanted to keep them here. So, in
response to that, that's why I wanted slots at tracks.

And then, the innovation study and, of
course, the common sense tells you, you put these
locations where the people are, you make it
convenient. So, we went from destination gaming to
convenience gaming. And now it's ironic that we watch
Atlantic City to respond how they did --- tried it
with iGaming, and we've talked a lot about iGaming. I
have my reservations about that. I think we all are
very, very concerned about the impact that will have
on bricks and mortar. But clearly, they are going to
move to their population areas shortly, I think, and
try to duplicate what we've done in Pennsylvania, and
what other states have subsequently done in their
states, which has caused us a great deal of stress, I
think, in the western part of the state with the
market that probably is oversaturated.

But I tell you that story because it's
important to understand the history to look to the
future. And it's important to know that this
leadership here not only had the vision 20 years ago
to buy a racetrack that was failing —— remember,
Philadelphia Park was Keystone, which was failing
miserably. And Bob Green had the foresight to come
here and buy this failing site that nobody else
wanted, make a go of it without slot machines. I
mean, it became a very profitable enterprise with full
cart simulcast, offtrack betting and good management.
That vision —— then, of course, it took us from
riverboats to racetracks. And that's why we are where
we are now, is because a gentleman by the name of Bob
Green came here.

I voted for a bill for riverboats in
Philadelphia. I never met Bob Green, didn't know who
he was. Gene Knopf introduced me to this man. He
said, listen, you just voted to put me out of
business, so how about considering this racetrack? I
didn't realize it. But then it was —— I was okay
with riverboats as long as racetracks got the same
thing as the riverboat. And, of course, we knew that
riverboats --- we know that riverboats did not make it, and racetracks and standalones did. And it was a great, great success, not only for the state, but particularly for this area.

And when you think about what's revolved around this area, Liberty Bell Racetrack, Keystone Race Track, Philadelphia Park, Parx Casino. Always moving with the taste of the consumer, and I think that's one of my big points with this. I noticed early on --- well, you've got to do this to be like Atlantic City, when we first opened up --- or we were first proposing this. And I was --- I marveled at Parx leadership and that they tested the customer. They listened to the customer. They did what the customer wanted to do instead of what everybody else thought they should do.

So, I go through that long history and that story to tell you that this leadership is attuned to where we're going because it occurred to me that it was ten years ago, about, that we enacted this legislation, about eight years that they've actually been in service. And it was ten years before that that I actually started working on legislation to do slot machines at racetracks. So, these ten-year anniversaries all of a sudden occurred to me, it's
moving pretty fast. And as we observe the gaming
world, as we observe the habits of these people, it's
not only convenient which they have provided here.
But they've provided a very safe, attractive,
convenient place, handle to handle. I think the
experience that people get here at Parx cannot be beat
anywhere.

They feel very safe here. They come in
and out. And you talk about a large parking lot, but
it surrounds the facility and it's easy for the
customer to get in and out of the facility. And
that's by design. And I think it was very forward
thinking. But the point that we have --- we have to
look at history. We have to remember where we came
from to know where we're going to go. And we have all
been talking in other hearings in Harrisburg,
appropriations hearings, different hearings, where is
this going to take us and are we going to continue to
receive the revenue in the state that we have in the
past? And are we going to keep this mature market
going? And if any organization is on top of where
we're going, I think it's the Parx organization
following what the customer wants to do and what they
like.

And with that, I'll just close that as I
looked at ten years ago, and actually eight years in
operation, I just can't get over the fact that little
old Bensalem, little second class township, those
citizens get 100 --- have gotten $100 million in tax
revenue back from this one casino alone, $100 million
back to one community. $46 million back to the county
for Social Services and different things of the
county. And of that $46 million, $23 million back to
our surrounding communities to fix a bridge in
Hulmeville, to buy a fire truck in Middletown, to do
street lighting in Bristol Township, to do different
projects for these other communities that surround,
not only Bensalem.

On top of that, on top of the 54-percent
tax, they gave $45 million to 400 organizations. It's
incredible. They have been truly a great community
partner. I can't say enough about them. You've seen
the Mayor. You understand how serious a man the Mayor
is. He's not easy to please, but we do please him.
And Gene DiGirolamo, the state representative, I've
worked with him for many, many years. He's a very
serious man, and so is our public safety director.
Our community has been well served by the oversight
and by the way this operation has worked. And I just
have to repeat it, $100 million to little old
Bensalem, and $46 million to the county. And then in addition, another $45 million given to the community.

So, they've been a great partner. They deserve to be --- get their license again. And we need to continue to think and look at the way the gaming industry is evolving, and they've done a great job in staying up with it. Thank you very much. Any questions?

PRESIDING OFFICER:
Mr. Fajt?

MR. FAJT:
Thank you, Linda. Just a quick statement. I've known the Senator for probably 25 years. And I will tell you that you're being humble. I was involved in gaming, as you know, back in early 2003. And I will tell you, as constituents of Senator Tomlinson, we would not have gaming in Pennsylvania without him. He fought for it, he got beat up by his colleagues in the Senate. It was not easy back in the days when we were fighting the ghosts of gaming. And without you, Senator, we would not have gaming.

Gaming, I think, by most measures, has been an unmitigated success in the Commonwealth. The 16,500 jobs, the $8 billion of tax revenue, you should take full credit for all of that. So, thank you.
SENATOR TOMLINSON:

Well, thank you. That's kind. We also forgot to mention the hundreds and hundreds, maybe billions of dollars invested in construction that --- all those were great union-sustaining jobs in our community. And we're --- we have a lot of union workers that live in this area, and all these construction jobs were union construction jobs. That's another important point, the evolution. There was a lot of pressure, and Governor Rendell was a great partner in that and the Democrats in the House and the Republicans in the House and the Republicans in the Senate. The entire legislature were great partners, but there was a great push and great pressure on Parx to get up and opened immediately. And it's amazing when you look at that they spent $185 million to do the temporary facility in the old grandstands.

Penn National tore their grandstands down. They operated their racing --- excuse me, out of a trailer. Parx kept it open and going. They spent $185 million. Then they turned right around to stay relevant and be competitive and stay on top of the game, and they invested another $400 million to open the facility you see now. Then they turned
around and invested another $25 million back into the old grandstand to make that relevant and make that a good place for the horsemen and to showcase that. Because I firmly believe Bob Green came here because he loved horse racing. He loved that community and he wanted to help and save that community. And he invested that money back.

And you also heard how much money they've spent on the backstretch. They've spent more than required on the backstretch because I think, truly, Bob Green loves the horse racing community and came here to develop the horse racing community. So, when you think of the transitions, they went from the pressure --- and you knew Ed Rendell, it was a lot of pressure to get --- let's get this thing up and running. And Bob Green and the people here did that. Then they spent $400 million, then they spent another $25 million, and they're spending again. There's another expansion going on and there's things that they're working and planning on and trying to go through.

And the point of that is, the relevance is, today where we're --- we have questions of where this industry is going. They kept meeting the next standard. They didn't stay --- they weren't satisfied
with where they were. They wanted to do better. They
want to provide a better gaming experience. So, it's
very relevant to see where they came from and how they
got to where they got. And they didn't do that just
by sitting back and saying, okay, we can invest a
minimum amount of money and we'll just make the money.
They kept reinventing themselves, making themselves
relevant to the market. But thank you for the
compliment. I appreciate that. But there was a lot
of people involved in that for a lot of good reasons.
So, thank you.

PRESIDING OFFICER:
Any other questions or comments?

SENATOR TOMLINSON:
Thank you.

PRESIDING OFFICER:
I did receive a copy of written
testimony. I'm not sure how closely you followed
this.

SENATOR TOMLINSON:
Not one word that I said was ---.

PRESIDING OFFICER:
So, we'll include this in the record as
well.

SENATOR TOMLINSON:
Not one word that I said is in that testimony. Most of you have heard everything in that testimony I've said before at other hearings, number one. Number two, as you all know --- and the laughter there is because I very rarely say what they tell me to say. And I scare them all the time because they never know what I'm going to say. But yes, I thought I'd provide testimony, but knowing Mr. Chairman and the Board members, that --- keep it short, make a couple quick points and get out of the chair is the best way to propose it. Thank you.

PRESIDING OFFICER:
Okay. Well, we'll include this as written comment then.

SENATOR TOMLINSON:
Thank you.

PRESIDING OFFICER:
Representative Gene DiGirolamo.

REPRESENTATIVE DIGIROLAMO:
Yes. Good morning. Welcome. All that work Sean Shafer did for you, Tom, huh, all that testimony? Chairman Ryan and the members of the committee, welcome. I appreciate the opportunity to testify today. We're just so happy, and I'm here 100 percent to support the renewal application of Parx
Racing and Parx Casino. And as I look at all of you up there, I know Keith is not here, and I've worked with most of you up in state government, I'm kind of waiting for somebody to say, have all the members voted? Have all the members voted?

But again, we're just thrilled to death to have you here today. And as you look at the clock on the back wall, 1692. We're very, very proud of Bensalem Township. As a matter of fact, next year in 2014 with reapportionment, Bensalem Township is going to be my whole legislative district. And like Senator Tomlinson and Mayor DiGirolamo, I was born here and raised here in Bensalem. And we couldn't be any more prouder than what Parx Casino and Racing has done to our community and our county.

And maybe just to give you a little history of Bensalem Township --- and again, we're really proud. We believe --- Benjamin Franklin used to spend an awful lot of time in Bensalem during the summer. He had a very good friend, Joseph Growden, whose home is still here, has been restored. And we believe that the kite experiment where he discovered electricity took place right here in Bensalem Township. We believe it, the Historical Society believes it, and I also understand that Senator
Tomlinson and Mayor DiGirolamo were present that day when he had the ---. They seem to have been around that long.

Anyway, just to talk about Parx, the casino and the racing. And if somebody says you hit a home run, that's a good thing. This has not only been a home run. This has absolutely been a grand slam for Bensalem Township, Bucks County and the Southeastern Pennsylvania. They have been absolutely amazing. And as a grand slam scores four runs, four quick points. Senator Tomlinson just did an excellent job of making them.

The casino and gaming have absolutely saved the horseracing industry, not only here in Bensalem, but across Pennsylvania. I mean, we started talking about it this. We talked about 30,000 jobs that the horseracing industry supports. Would like to state for the record, wasn't thrilled to death with the budget and taking the money from the horseracing fund. Maybe next year we can do something about that and I hope it never happens again. But the horseracing industry has absolutely been saved and rejuvenated.

Two, it's been talked about before, the number of jobs. Almost 2,500 jobs. 2,500 jobs in
this economy. Most of them are family sustaining jobs with benefits, 500 to 600 back in the horseracing part of the casino and almost 2,000 there in the casino. Created an awful lot of good jobs. The tax revenue back to the state, you heard Senator Tomlinson say over $100 million in tax revenue to the Township. We have over 100 police officers here in Bensalem Township. And it's going to support the police, the EMS. We've given a rebate back to the homeowners here in Bensalem. The county's got money. The state's got money. I mean, just amazing.

And number four, more than generous.

And I want to point to this guy, and I don't want to pick on anybody, Ron Davis. And what an incredible job Ron has done on behalf of Parx for the local community. Almost $50 million they have given away to groups and organizations here in Bensalem, in Bucks County and throughout Southeastern Pennsylvania. They have been generous to a fault. Generous to a fault. It is absolutely incredible. And when you look at the groups and organizations just here in Bensalem, Livengrin, Libertae, both drug and alcohol treatment facilities very close to my heart as Chairman of the Human Services Committee. And by the way, this morning I was talking to Deb Beck and she wanted to
make sure I said hello to everybody on the Board.

Generous to a fault. This has been a grand slam. None of the problems that we talked about ten years ago have materialized at all. This has been a team effort with Parx, with our police, with our Gaming Board --- Advisory Gaming Board has done a phenomenal job. This has been a grand slam. You've got a lot of tough decisions to make. The renewal for Parx should be, in my mind, the easiest decision that you'll ever have to make as part of the Gaming Board. Thank you for the opportunity to testify. And if you have any questions, I'll be glad to answer. Good.

Good to be with you. Thank you.

PRESIDING OFFICER:
Thank you. Summer colds are the worst.

Carl Pearson.

SENATOR TOMLINSON:
Not here.

PRESIDING OFFICER:
He's not here?

SENATOR TOMLINSON:
Not here.

PRESIDING OFFICER:
Okay. And then we have Sal DeBunda.

ATTORNEY DEBUNDA:
Good morning. My name is Salvatore DeBunda. That’s D-E, capital B, U-N-D-A. I’m an attorney and I’m the president of the Pennsylvania Thoroughbred Horsemen’s Association. By the way, before I get into my remarks, since I’m here representing horsemen, it is true that Senator Tomlinson was the person who started all this and both the Democrats and Republicans and the Governor, but I have to mention Smarty Jones also had something to do with this. So, I want to take a little credit for that.

Before I also --- I also like to introduce with --- in the audience with me is Mike Ballezzi, Esquire, who is the executive director of the Pennsylvania Thoroughbred Horsemen’s Association is here and in support of my remarks. I also want to just take the opportunity, before I get into my remarks, to, since everybody’s here, to thank the team that has really made horseracing thrive here in --- at Parx, Tony Ricci, Bob Green and Joe Wilson, his staff, the Senator Tomlinson, Representative DiGirolamo and Mayor DiGirolamo. They have really worked with the horsemen and it’s been a great team effort to maintain what we have, to keep what we have and to try and keep the legislature from using the Racehorse Development
Fund as an ATM as little as possible.

So, with that, I'd like to say that on behalf of the Pennsylvania Thoroughbred Horsemen's Association, I'm here to fully support the renewal of the Parx Casino Gaming License. I am here to state that Parx Casino and Racing has complied with or exceeded, in some cases, all of the requirements of Act 71 relating to racing and dealing with the Parx horsemen, including timely distribution of horsemen's share of proceeds from slots as soon as they are received from the Commonwealth of Pennsylvania. That may sound like it's not too important, but it's pretty important to make sure we have our purse money.

They've exceeded expenditures required for the backstretch improvement and upgraded the dormitories located on the backstretch. They've been exemplary in doing that. The Act called for certain requirements. They saw that that was not enough to really do the job, and they stepped forward and did everything that's required. And as you saw the spending, they spent $30 million to take care of that issue. And we will have the best backstretch, probably, in the United States when that is completed.

They have refurbished the racing facility immediately after moving to their permanent
facility. I mean, they could've taken their time, but they made a commitment to do it in six months and they actually did it in less than six months. So, we really appreciate that because that really helped us to be able to continue and expand our operation. And they've also supported racing activities with the PTHA, including the fall festival and the Pennsylvania Derby, which is now the most successful program in Pennsylvania for horseracing. And you're all invited to come on the Pennsylvania Derby. Tony will be glad to you have you be his guests.

So, I also --- a personal note before I get into the last comment. I happen to be wearing a pin today that says Philly Pops. I am the Chairman of the Board of Philly Pops and I'm most proud to say that Parx Racing, while they did not have it listed there, is the prime sponsor of the Philly Pops in the City of Philadelphia. So, we really applaud you for that participation. I think it's another feather to add to your participation.

The last thing that I really would like to --- this has nothing to do with support of them, but I just want to throw out to the Gaming Control Board, because they may be a part of what's happening with the Racing Commissions and all that. The Gaming
Act provided that the funds that we get from slots are really used for three purposes, for purses, for pensions and for health care. It did not provide any funding from those funds for marketing of the horseracing industry. So, there is no --- we can't take money from purses or from pensions or from health care to use that.

Now, this has nothing to do --- Parx has done their best to make this work, and they've worked with us. We've also done some out of our money. But I think as --- the state needs to deal with the idea of how we come up with a way to fund the marketing of racing in the Commonwealth. I actually believe that between the cooperation with Parx Racing and the horsemen, we've done a pretty good job in the eastern part of the state. But there is no statewide program or commitment to do this. So, I think that we need to work with the casinos, work with the Gaming Control Board, work with the --- to get the horseracing commissions, wherever they may be located --- there's a legislation around about that. To get --- to deal with the fact that we need to really have a more statewide program for basically marketing horseracing. And with that, I conclude my remarks and thank you for this opportunity.
PRESIDING OFFICER:

Thank you. And we'll also include your written remarks.

ATTORNEY DEBUNDA:

Thank you.

PRESIDING OFFICER:

Any questions of Mr. DeBunda?

ATTORNEY KOHLER:

Not here.

ATTORNEY DEBUNDA:

Thank you, again.

PRESIDING OFFICER:

Thank you. Parx, do you have any closing you'd like to make at this point?

ATTORNEY KOHLER:

Oh, very briefly. You know, it occurred to me as I sat here this morning --- and maybe some of this is just a personal note. You know, what a good hearing this is and lots of goodwill towards Parx and how they do things the right way. And certainly, we all agree with that. But as you go back over the eight-year history since Parx has been open, it hasn't always been that way. Some people have thought, at times, that we didn't necessarily do things the right way and then that --- I can even remember the last
public input hearing that there was some criticism. But I think the successes with management to understand the community, the environment, what they had to do to have business success, and then combine that with the necessity to have successful relationships with their regulators. And they've just done, you know, on a personal note, and I think unequivocally on the record here today, an outstanding job and have now delivered a top product done the right way. And with that, we'll close.

PRESIDING OFFICER:

OEC?

ATTORNEY MILLER:

We don't really have any closing statement. We would ask that the record remain open until the Board considers Parx's Renewal Application in case something occurs in the meantime.

PRESIDING OFFICER:

Okay. With that, any briefs or written memorandum either party might wish to file would be due to be filed by close of business next Thursday, July 24th, if you find that necessary or not. The record will remain open until the Board hears the matter at a later public Board meeting. I will prepare a report based on the testimony and evidence
entered into the record today and a Suitability Report when it is filed with the Office of Hearings and Appeals (OHA). That report and all of the materials and transcript will be sent to all Board members. And the Board, at its convenience, will schedule this matter to be heard at a future public Board meeting in Harrisburg, so keep your eye on our website if you're interested in that Board meeting. You can also watch that live streamed the day of the meeting.

So, I thank you all for coming today and for your cooperation. This hearing is now concluded.

Thank you.

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HEARING CONCLUDED AT 11:41 A.M.

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CERTIFICATE

I hereby certify that the foregoing proceedings, hearing held before Officer Lloyd was reported by me on 7/17/2014 and that I Nicole Montagano read this transcript and that I attest that this transcript is a true and accurate record of the proceeding.

Nicole Montagano