COMMONWEALTH OF PENNSYLVANIA
GAMING CONTROL BOARD
* * * * * * * *
IN RE: VALLEY FORGE CONVENTION CENTER PARTNERS, LP,
CATEGORY 3 LICENSE RENEWAL
PUBLIC HEARING
* * * * * * * *
BEFORE: WILLIAM H. RYAN, CHAIRMAN
Gregory C. Fajt, Keith R. McCall, Anthony Moscato, David W. Woods, Richard G. Jewell
Robert P. Coyne, Representing Eileen McNulty, Secretary of Revenue, Jorge Augusto, Representing Russell Redding,
Secretary of Agriculture, Jennifer Langan,
Representing Timothy Reese, State Treasurer
HEARING: Wednesday, September 23, 2015
LOCATION: Strawberry Square Complex
303 Walnut Street
2nd Floor
Harrisburg, PA 17106

Reporter: Derrick Ferree

Any reproduction of this transcript is prohibited
without authorization by the certifying agency.
APPEARANCES

GLEN STUART, ESQUIRE
PA Gaming Control Board
Office of Enforcement Counsel
P.O. Box 69060
Harrisburg, PA 17106-9060
Counsel for the Pennsylvania Gaming Control Board

ADRIAN R. KING, JR., ESQUIRE
Ballard Spahr, LLP
1735 Market Street
51st Floor
Philadelphia, PA 19103
Counsel for Valley Forge Convention Center
Partners, LP
INDEX

OPENING REMARKS
   By Chairperson

PRESENTATION
   By Attorney King
   By Mr. Rigot
   By Attorney King
   By Mr. Pickus
   By Attorney King

QUESTIONS
   By Attorney Stuart

QUESTIONS
   By Board

DISCUSSION AMONG PARTIES
CHAIRMAN:

We have one hearing scheduled for today. That's the Category 3 License Renewal of Valley Forge Convention Center Partners, LP. I would ask the representatives from Valley Forge to come forward and also the Office of Enforcement Counsel (OEC).

Mr. King, I assume that you will be at least speaking first on behalf of Valley Forge. Would that be correct, sir?

ATTORNEY KING:

I will, sir.

CHAIRMAN:

Are there any witnesses who will not lawyers you intend to call upon?

ATTORNEY KING:

Yes. In fact, even though Mr. Pickus is a lawyer, I'll ask him to be sworn as well, Alex, Janet, Barb, if you would all stand to be sworn in.

WITNESSES SWORN EN MASSE

CHAIRMAN:

Thank you very much. Mr. King?
ATTORNEY KING:

Chairman Ryan, members of Board, good morning, nice to see you again, Adrian King from the Ballard Spahr firm. And I'm here on behalf of the Applicant for license renewal which is Valley Forge Convention Center Partners, LP. That's the business name. As you know, we trade as Valley Forge Casino Resort.

Let me just say that we will attempt to be concise today. Some of the information that we'll present you've heard at the public input hearing, which was in April in Upper Merion Township. But we are pleased to be here today in what will hopefully be the final step of the license renewal process.

Again, let me just introduce everyone so you understand who's going to be testifying and who is present to answer questions. First, we have Mr. Robert Pickus who is the Executive Chairman of the Board; James Rigot who is our new President and CEO who began in July. That is one difference from when we were before you in April. Alex Figueras, who's our Vice President of Finance; Janet Maugans, who is our compliance manager; and Barbara Evans who is a representative of the ownership group.

We did not bring Gib Morrissey who
you've met in the past who's the head of security because he had a conflict with --- actually, I think he's presenting at an insurance fraud conference today. And I don't know if we can get the slides up. Thank you, sir.

So, very briefly, just our agenda today, I'm going to ask Jim to introduce himself. He's going to do that in one moment. Let me apologize that we've not that earlier, but with the summer schedule, Jim starting in July and then finding out that our hearing was being scheduled in September it just made sense to wait.

I want to give, again, everybody a little bit of a background, and especially to Mr. Jewell, as you're joining the Board and you've not had experience with this Applicant. I think it will be helpful also to understand a little bit where we've come from on this project, so we'll go through the development timeline.

Talking about economic impacts, the workforce development and diversity. We'll go into enhancements to compliance functions. We'll talk about our compulsive and underage gaming program, what we do there. We'll talk some more about our good neighbor commitments and community service. We're
going to talk about facility improvements from when we started, where we are now, where we're going in the future. And last we'll wrap up with tourism impact which is important and unique to the Category 3 license as that was part of its legislative intent for creation of that category.

We'll conclude --- on the slide in front of you, it does say we'll introduce our community speakers, but unfortunately, that's an error. We will not be bringing them back from the last time.

CHAIRMAN:
We appreciate that.

ATTORNEY KING:
Yes. So, now let me just get started with asking Jim to introduce himself, talk a little bit about his background and what his plans are.

MR. RIGOT:
Good morning, Chairman, Commissioners, Board Members. My name is Jim Rigot. I am the new CEO and President of Valley Forge Casino. As Adrian alluded to, I started July 1st, so so far so good and nobody's asked me to leave as of yet, which is a good thing.

Anyway, what I want to do today and I appreciate the opportunity to be here to share with
you some of my background and to answer any questions that you might have.

Last month we had a visitor, an entertainer called Don Rickles. And the reason why I'm bringing him up, Don and I go back 40 years and I had an opportunity to spend some time with Don at the property and reminiscing. And to make a long story short, Don Rickles performed at the Sahara when I was working in Las Vegas free. And he performed in a lounge act.

And we were talking and I said, isn't it amazing, you've come a long way. At that point in time, he was performing a lounge act and in the main show room was Frank Sinatra and the Rat Pack, Frank Sinatra, Joey Bishop, Dean Martin and Peter Lawford.

So, anyway, to make a long story short, I said they should have gotten Frank's --- you know, his agent because he was getting paid in the showroom, and he got a kick out of that. And to make a long story short, Frank obviously has since passed on, but guess what, he inherited Frank's agent so now consequently he's getting paid. So, I've been in the business four decades. I bring that up only to allude to the fact that's when I started my career.

A little bit of background, myself, I
grew up in the Trenton area and went to school, Blessed Sacrament, graduated from Blessed Sacrament in '66, went on to Hun of Princeton and graduated from there in '70. While a young adult growing up in Trenton, I had the opportunity to learn craps and black jack and shoot pool and go to all the racetracks and so forth and so on, so I really got my introduction to casino gaming at a very young age.

After school, I joined the Air Force, went in the Air Force for four years. The Air Force took me to San Antonio, Texas, Colorado. I went overseas to the Philippines and Japan, came back to Albuquerque, New Mexico, for my final stint.

And after four years and honorable discharge, I headed to Las Vegas. There I met a fellow by the name of Sam Boyd. And while I was attending UNLV --- and Sam Boyd, for those of you who don't know, was one of the original pioneers, he and Jackie Gaughan and Binion and so forth, I happen to meet all those individuals. But Sam Boyd I went to work for and that's where my career started. And he really took a shine to me and educated me as far as the whole gaming aspect. I learned table games, the slot operation, the master bank, employee bank. I did the soft count, hard count, et cetera. So, it was a
great introduction to the industry.

At any rate, from Nevada I went to
Atlantic City. From Atlantic City, I went to
Connecticut, worked for the Mohegan --- I mean,
Foxwoods, the --- up in Mashantucket Pequot. And then
I went to --- came back to Atlantic City and opened up
a little store called the Borgata. And from Borgata,
I went back to work for Donald for the third time at
Trump Plaza. And to make a long story short, I ended
up recently in Louisiana, and from Louisiana, I'm now
at the Valley Forge.

So, my resume's up there. I want to say
that I bounced around for, you know, quite a bit. I
couldn't hold a job, as you can see. But I've been in
the business like 40 years. I have quite an
experience and a lot of education as far as the
industry's concerned that I've acquired over the
years. And I'm glad to bring that now to Valley
Forge. So, I'm looking forward to a long
relationship.

I congratulate our ten-year recipients.
I look forward to working with your staff members.
I've always found, you know, it beneficial, obviously,
to have a good relationship with the regulators. That
helps the cause.
So, I'm looking forward to a long relationship. So, if you have any questions at all, I'd be happy to go ahead and answer them. I do have a few business cards I will leave you, not to impress you with my business card, but to welcome you to Valley Forge. So, if you're ever in the King of Prussia area, I encourage you to stop by, I'd be happy to give you a property tour and to show you the property if you haven't had an opportunity to visit our property. It's a pretty neat little property there and I'm excited to be a part of it. Thank you very much.

ATTORNEY KING:

Thanks, Jim. So, next slide, again, just to orient everyone, and it's somewhat apropos that we've done the ten-year awards and we've thought about where the Gaming Control Board has come from the beginning as it was stood up in the late summer of 2005.

And the reason I relate back to that is I think you'll recall that we got off to a bit of a rocky start here in Pennsylvania with the Category 3 licenses, which was --- there were two original applicants with, I guess, Nemacolin and Seven Springs, that were sort of lining up, and there may have been
some others back then, to apply for the original Cat 3 license. And low and behold, both of those applicants withdrew their applications, and in December of '06 when the 1 and 2 licenses were granted, the 3s were not and they were sitting out there.

So, we then got into another phase after the Cat 1 and 2 licenses were awarded where the 3s were put back out for application. And that began in June of '07. There were eligibility hearings in October of '07, there were public input hearings in May of 2008. And then we had our suitability hearing for this property in October of 2008. And then low and behold the bottom fell out of the world which was the global credit crisis. There were probably about --- if I recall correctly, probably about four applicants, four or five for this license. And there was great concern that any of these applications could go forward.

And the Board, I think smartly, reopened the application analysis period to do some additional homework on financial status. We submitted some additional financial information in February of '09 and I think you'll recall for those who were on the Board or those who've looked at our history, this application was the only one that moved through.
There were, again, four or five applicants for the two licenses.

This is the only one that proceeded, moved forward. And the reason for that was because our principal owner, Ira Lubert, was brave enough to put his entire net worth, his balance sheet, up to back this project. And so the project moved forward, the license was awarded in April of 2009. We went through an appeal process and finally after it was quite the ordeal, almost four years later the Supreme Court issued a decision. The award of license was final.

And then in March of '11 to March of '12, over a one-year period, this ownership group invested $145 million to renovate the Valley Forge Convention Center and the two hotels and we had the grand opening in March of '12 for the Valley Forge Casino Resort. And here we are today with three years of operation under our belt seeking to be relicensed. So, that's the brief timeline.

So, the next slide, if we could, let's get into kind of what have we produced, what have we achieved over the three years that's relevant to a decision to relicense. The first is, if we go through our tax contribution under the Act and generally
speaking, as you'll recall our numbers are going to be a little bit less than the 1s and the 2s. We're statutorily limited to 600 slot machines and 50 tables. But if you look at the slot tax, the table gaming tax, some of the licensing fees, other taxes generated from construction, other nongaming taxes, overall, we've put on the board $125 million in taxes through 2014. That's not including obviously what we've done through 2015.

Next slide, these are some of the one-time economic impacts attributable to the construction spending, the renovation of the project. Let me just point out, maybe anticipating a question from the Bureau of Investigations and Enforcement (BIE) and Enforcement Counsel that the Montgomery County figures are incorporated into the Commonwealth number, but that's just to show the local impact as opposed to the statewide impact.

But based on those figures, the economic impacts you'll see total output --- I'll just go through the Commonwealth numbers, $113 million. We've got direct expenditures of 50.7 and indirect and induced expenditures of 63.3. Those numbers again are all substantiated in the Economic Impact Report that we commissioned from Econsult, that's part of the
record that you can review if you so desire. Our
total employment, and these are full-time equivalent
numbers, we've gone from 357 to 866 and then earnings,
$37.3 million.

If we could go to the next slide, some
of the local tax impacts, just going into Montgomery
County and our host township. I won't belabor going
through all the numbers specifically, but the total,
$12.5 million over the study period of '11 through
'14.

Next slide just trying to show some of
our ongoing economic impacts from the casino. I'll
let those kind of stand on their own, let you digest
those.

Go the next slide, let's talk a little
bit about our workforce, both how we've developed and
our diversity. This slide has changed a little bit
from the public input hearing in April only because
from the prior slide I gave you full-time equivalence,
but we changed this slide to be consisted with some of
the reporting you're getting from Mozelle Daniels'
shop. And so what we wanted to show here was all
jobs.

So, this number, this 1,063, is
inclusive of both part-time and full-time equivalent
full-time jobs. But you can see the substantial
growth that the casino has been able to generate from
where the property was previously to where it is now.
A great success.

Going to the next slide, I just want to
show some of our diversity figures. This is among all
employees, part time and full time, male at 59
percent; female at 41 percent. With respect to
ethnicity, race, we have white, 54 percent; African-
American, 23 percent; Asian, 15; and Hispanic, 8.
We've given you some further breakdown in terms of how
those demographics work across the executive ranks,
supervisory ranks and across all of our professionals.

Next slide, purchasing, and again, this
is data that's also consistent with the reporting that
you've gotten, again, from Mozelle. We have --- we've
laid out in terms of our gaming service providers ---
we're trying to demonstrate here that we've made our
best efforts to be diverse to use minority and women-
owned business where we have been able to do so. And
then we've done --- broken out the same on our
construction numbers as well.

And then also, just to point out, in
addition to the MBE and WBE, we've tried to use local
suppliers as much as possible. And again, those would
be businesses located either directly in our host county municipality or immediately adjacent. And I think you can see that we've had a great impact locally around our property.

So, let's go to the next slide which we want to talk specifically about enhancements to compliance functions. Again, I want to be very clear and acknowledge that I've had a couple of rocky moments with the startup of this particular property with some compliance issues. I think that we all acknowledge that mistakes were made.

We've made best efforts to correct those, although I would like to also say that I don't think anyone realized how challenging it would be to have sort of a separate rulebook or playbook with respect to the Category 3 license with respect to the access patron of the amenities requirement, which is really unique to Pennsylvania. I guess you could say it's somewhat based on West Virginia and the Greenbrier, but it's been a challenge.

But I think that we were the first, kind of the shakedown crews for the state, so to speak, to get up to speed on this. We've now been working ever more closer with the Board staff and I think we're in the right place now. But we want to put the past
behind us and move forward and we're going to continue
to do a good job on these issues.

    But let's go quickly with just some of
the things that we did to address those problems. We
brought in Mr. Pickus as the new Executive Chairman of
the Board. As you all know from meeting him before,
even back to the application of the Trump organization
in 2006, he is a long-time experienced gaming
executive of several decades, which I'm sure he's
appreciative that I'm reminding everyone of.

    MR. PICKUS:
    Thank you.

    ATTORNEY KING:
    We switched out Regulatory Counsel.
Myself and my firm rejoined the Valley Forge team, I
guess about a year ago. We've replaced and increased
staffing of our compliance department, and Janet is
now spearheading that and you've met her and some of
her staff members. We brought in new leadership and
staffing in the marketing department.

    I think we told you before that one of
the lessons learned was that we always need to make
clear that compliance always takes the lead, leads the
way as our spearhead, number one, that marketing is
not going to play that role. And so that's a lesson
that was learned and that will continue to be followed.

We have really, I think, enhanced our training for our staff with respect to access. And I'd like to think we have multiple layers of control that's helpful. And the good news there is I think it helps us, although we have problems that everyone has with underage gaming and folks who are on the restricted list. But I do think because of the controls we need for access, I do think that helps us in those areas as well.

We've made improvements to our data collection, how we track access through our gates from the access perspective. We've expanded our ethics training, we have a compliance hotline.

And I think you've gotten a real good feel for Gib Morrissey, who's our Security Director. You saw him at the public input hearing. I think you heard back at the last hearing he was a couple days from hosting actually a security directors' conference for security directors from all the casinos. So, we're really trying to take the lead and I think we have. And we're going to continue to do so.

And I know Jim understands the importance of it. He's been fully briefed up on the
past, the present, the future. And he is also fully
invested in what we need to do to make sure we're
always in compliance.

Next slide, I want to talk briefly about
compulsive and underage gambling prevention. This
really piggybacks on what we just talked about, but
this continues to be, as I know all of our brother and
sister properties do, this continues to be a key goal
and objective to keep underage and compulsive gamblers
out of our facility.

I think the biggest most important piece
of this slide is we spend on average $10,000 a year on
training. And that training is for everybody, every
employee, not just customer facing staff. So, these
are folks who are --- everyone is trained to make sure
they understand we're not only looking for people who
are obviously underage, but also folks who seem to be
having a problem with respect to compulsive gambling.
And obviously, we're trying to keep people who are on
the restricted list out of the facility.

You know, I do want to just take this
opportunity to make one point which is, and I note
that the Board necessarily does not always want to
take positions on legislation, but I think this is a
good time for us to throw a pitch in.
One of the things that we would like to see the General Assembly do is to follow the model that's used in New Jersey and that is used with respect to minors who are engaged in the consumption of alcohol. And that is we believe there need to be consequences to underage individuals who attempt to gain access to gaming facilities. We will continue to do everything that we can do to keep these people out, but we do think there need to be consequences.

So, in New Jersey, if you attempt to access a casino illegally --- every facility's having problems with fake IDs, borrowed IDs, et cetera. And you are caught, you are putting at risk your driving privileges. That happens in New Jersey and that is also something that is consistent with how if you were a minor and you were caught underage drinking, you also put at risk your driving privileges.

From a policy perspective, again, this is argument we'll make to the General Assembly. If we really truly want to keep underage people out of these facilities, we need to broaden the penalties. We obviously are held responsible. We pay fines, everybody does. But we also think there needs to be on the other side. I don't know if Jim ---.

MR. RIGOT:
I just want to interject one thing, Adrian. On October 6th, the Pennsylvania House Subcommittee is going to be meeting hearing this very issue and we're going to have an opportunity to testify in front of them. Gib, who you alluded to, is going to be our representative and he's going to share with them our recommendation.

So, I think that will be helpful hopefully.

MR. JEWELL:
Counselor, I have a question.

ATTORNEY KING:
Yes, sir.

MR. JEWELL:
Could you expand a little more on put at risk as happens in New Jersey, what that phrase means?

ATTORNEY KING:
Well, what I'm referring to, sir, is again, it gets driving privileges for an underage person. So, in New Jersey, if you're caught trying to access a casino property, again using a fake ID, using a borrowed ID, the consequence for that individual, that minor, is they can have their driver's license privileges suspended.

MR. JEWELL:
So, they don't have to be on the floor consuming alcohol underage necessarily, just the fact that they've entered the floor underage?

ATTORNEY KING:
Yes. And again, it gets back to, you know, they're trying to effectively perpetrate a fraud on the casino by using fake credentials to get in. And it's just another way to incentivize them to not even come or try to get in.

Let's move on to maybe a more pleasant topic. And that is with respect to are we a good community partner in Upper Merion Township. I think you heard from the last time and what you've seen is at the beginning of our project here to create the Valley Forge Casino Resort, upfront we contributed $625,000 to the Township for traffic improvements. That was increased, the original number that was committed was $415,000.

And then importantly, I think what's really important for us is, we make an annual community benefit contribution. It's adjusted upward every year based on the CPI. And it was initially $75,000. In 2014, it was $142,500. That money goes into a fund, which I'm going to talk about in a minute.
Also our initial commitments, we've made some improvements to the parking facilities. We have a lot, a large lot. We did some joint training with emergency services in the Township. And we also made sure that we put in specialized equipment into the facility to ensure the police radio and cell phone reception worked within the facility in the event of an emergency.

So, those were some of the things that we worked with, with the Township, and emergency service providers to make sure that we were ready to go when this facility opened.

I talked about, again, briefly the Community Assistance Board. We call it the Board of Community Assistance. To date, we've contributed nearly half a million dollars. That makes a variety of awards to community groups, to youth sports organizations. And we also grant scholarships. To date, we've done 52 grants, 36 scholarships. I think it's a great program.

Next slide. This is just a list to give you a sample of some of the organizations that have benefited from the Board of Community Assistance, again, that we're funding. And you go from everything from the convention and visitors bureau to the
optimist club, to various youth sports groups, to elementary schools, to the zoo.

   It's really turned out to be, I think, a very --- a very nice outcome for the immediate community that hosts this facility. And I think everyone's very pleased with it.

   MR. JEWELL:
   I have a question, if I may. If I understand this, you take your money, and you give it to a third-party board that really triages the needs and makes the allocation awards?

   ATTORNEY KING:
   Yes, sir. So, basically as part of the process of opening, we entered into a contractual agreement directly with our host township, which is Upper Merion Township, they are that group. In effect, they've created something called the Board of Community Assistance.

   MR. JEWELL:
   So, they triage the needs as those needs come in?

   ATTORNEY KING:
   Yep. And so it's --- but it's governmental sponsored. I want to make clear, we have a representative on that board, but it's really that
the Township that knows the needs of the community best is leading the process.

   MR. JEWELL:
   Now, you increase the CPI year over year; correct?

   ATTORNEY KING:
   Yes, sir.

   MR. JEWELL:
   What if, in a particular year, there'd be really some extraordinary needs that occurred, is that still governed by CPI --- well, I call it a cap. Or would you be able and willing to put more on the table for the BCA?

   ATTORNEY KING:
   Well, I think --- I think if there was something extraordinary, I think we would discuss it, but I don't know that I can sit here and tell you that we would --- I can tell you that we would make a commitment. Because that was something --- that would be something that would have to go back to our ownership group. Bob, I don't know if you want to ---.

   MR. JEWELL:
   Frankly, needs, you know, like an accordion, they get bigger and they get smaller. They
always get bigger, it seems. But it's a difficult one, and some of our other properties, you know, deal with this in a year over year way, rather than as I understand this, this cap that's applied. I'm just interested in how it works.

MR. RIGOT:
The only thing I would say is that we get requests almost daily. And as we obviously --- obviously, if we would have a year where we have an exceptional year as you're alluding to, I think we would be in a position to go ahead and give more than what we presently give to the community.

But we give to a lot of charities, as you can see, and that would probably expand if we had a good year, and it contracts obviously if we have a substandard year.

MR. JEWELL:
I would encourage you to be open-minded on that.

MR. RIGOT:
Absolutely.

ATTORNEY KING:
If we can go to the next slide, which I think may be somewhat helpful to answer Mr. Jewell's question is, that number that I gave you, the 435,
that is a subset of sort of the overall number of charitable contributions since opening of $714,000. And so in addition to this contractual obligation to the Township to fund the Board of Community Assistance, we're still doing charitable contributions.

And I want to be clear, that's both cash and in kind. I'll just give one example in kind. Every year, we host --- the Montgomery County District Attorney's Office sponsors a program with at-risk youth, also trying to prevent child predators and things of that nature. And they do an event every year that we put on as part of our charitable contribution.

So, that does --- you know, I think as Jim said, that does allow us to be flexible and consider things outside of the Board of Community Assistance Process as well.

MR. JEWELL:

Do you --- one more question.

ATTORNEY KING:

Sure.

MR. JEWELL:

You do United Way, do your employees --- the employees involved in the United Way, do you match
or incentivize the employees on their United Way gifts?

MR. FIGUERAS:
Not currently.

MR. JEWELL:
Have you ever?

MR. FIGUERAS:
No.

MR. JEWELL:
I'd encourage you to think about that.

MR. RIGOT:
It's not unusual in the industry, but three years young into this, we'll definitely consider that going forward.

MR. JEWELL:
You don't have to do that full --- you can move it up ---.

MR. RIGOT:
I'll tell you, though, and I'd be remiss if I didn't say this. I've only been here two months, and the employee --- the community of employees that we have at Valley Forge, they're very giving. They give their time, they give their resources.

I was really struck --- there is a local church --- the food bank in Montgomery happened to be
dry this past summer. There was a church that reached out to us and asked if we could go ahead and donate canned goods. I tell you, within about ten days, there was over 1,700, I think, non-perishable items that were put together and delivered. And we accommodated over 100 families.

So, I mean, those are the type of things the employees do. They rise to the occasion.

MR. JEWELL:
Amen to that. Thank you.

MR. RIGOT:
Yes.

ATTORNEY KING:
All right. And then the last slide that I have before I turn it over to Mr. Pickus, I'm getting to this exact point, you know, in 2014 just some of the tallies.

We had 400 employees doing volunteer work for 26 events and charities. And the one thing I just wanted to remind everyone of is, I think you heard the testimony at the public input hearing about we specifically targeted and made a partnership with the Alzheimer's Association of Southeastern PA. And I think you heard the testimony directly from their executive director on how impactful and helpful that
is. So, I think we're very justifiably proud of a lot of things that we're doing in the community.

So, with that, let me turn it over to Bob, and Bob's going to get into some of the issues with respect to facility improvements and future investments.

MR. PICKUS:

Yes. Good morning again.

CHAIRMAN:

Sir, if you want to just state your name and spell your last name, and your position for the record, so the court reporter is clear.

MR. PICKUS:

Certainly. My name is Robert Pickus, P-I-C-K-U-S. And I’m the executive chairman of the board at Valley Forge.

CHAIRMAN:

Okay.

MR. PICKUS:

The first slide that's up here shows the condition of the facility back when the license was originally awarded. And as you can see, there can't be --- the facility was a little tired and it needed some help. And that was at least one of the reasons why the ownership group applied for the Category 3
license was to enable it to use the catalyst of the
casino facility to help it consistent with the
legislative intent authorizing the Category 3s to
enhance the facility and make it a more attractive
facility for tourism, convention and other business.

Adrian alluded to the fact that after
opening the ownership group invested over 145 million
dollars, not just in establishing the casino facility,
but also in renovating the existing resort facility,
hotel rooms and convention space that was there.

And some of the slides that are up now
show some of those improvements that have taken place
since the award of the license. This slide also shows
mostly the casino, some new signage that is outside to
advise the public of the facility and different
amenities that are included.

The ownership group, though, didn't stop
at that initial investment. Every year, the ownership
group continues to invest depending on the year in the
neighborhood of $4 to $5 million dollars in capital
expenditures to make sure the facility remains
competitive and keeps moving forward.

One thing that happens in all
industries, but it's very unique, I think that ---
specifically for the gaming industry, is that you need
to always keep improving your offerings and your facility. New competition comes online, whether it's across state borders or within state, and things need to be re-freshened and made new all the time.

One of those things that we did this year, was the Valley Beach, which was a brand new beach club, pool facility with dining and other options that was developed, and which cost the ownership group in excess of $600,000. That opened this summer. It's winding down now as fall is upon us.

But its first summer was very successful, we were very pleased with that operation, and it was very --- it was accepted very well by the public, and we're looking forward to expanding and enhancing that again next year as an amenity.

Again, not stopping. We are currently under construction to renovate one of our, like, higher-end restaurants. We're bringing in a chef who's, I think, going to bring a lot of new excitement and product to Valley Forge, a gentleman named Luke Palladino, he just opened a very, very successful and acclaimed restaurant in Philadelphia. And we're happy to bring him out here to our customers out in the main line area.
Similarly, one of the other facilities that we have, currently, well, called Deuces Wild, which is kind of a country western themed bar, we're going to update that, it's going to be called The Vault, and our plan is to bring a lot of the same sort of excitement and entertainment that we featured at the Valley Beach during the summer and move that inside so that we can maintain that level of excitement and new offerings for our guests throughout the year, not just limited to the summer months.

Briefly, I think most of you know this, because of the Category 3 license, obviously we are limited and do have a full complement of 50 table games and 600 slot machines. Between our two hotel towers, we have 485 hotel rooms and a significant amount of convention and meeting space, the great bulk of which, again, has been fully renovated since the license was awarded. You can see here, again, just a listing of the, you know, great number of restaurant and bar offerings that we do offer.

One of the things that we are very proud of at Valley Forge is the fact that we really offer and we often use the tagline that we're the one southeast Pennsylvania casino that really offers it all, between hotel rooms, the convention facilities,
entertainment, which we'll talk to in a moment, and a broad array of food and beverage offerings that we really feel we bring, you know, a very, very attractive product to the market.

One of the programs that we started right at the end of last year, which has proven to be very successful for us, is the reintroduction of the Valley Forge Music Fair to the area. For those of you who were around the Valley Forge Music Fair, in its day, was a very popular and successful offering, not at our location, it was at a different location, but within the same general area.

That actually closed some time ago, and we sort of re-launched that and have been able to bring back not just the name, but the wide array of entertainment offerings that that was able to provide to us.

And you see here a listing of the acts that we have had and will have since inception and through the end of the year. One of the --- the act that is at the very bottom of that list, if you can read it, it's a little small, Kenny Rogers. We are particularly happy to be having him back at the end of this year. Kenny was the closing act of the original Valley Forge Music Fair, so we've kind of come full
circle by bringing him back with his annual Christmas show later this year in December.

And again, just briefly, I want to highlight one of the goals, of course, when the legislation authorized the Category 3s was to use the licenses for those resorts that were awarded the Category 3s to increase the tourism in their local areas.

And you can see here on the chart with the number of visitors where the numbers grew pretty significantly, somewhat obviously the first year of operation by, you know, 76 percent, that we were very pleased that the following year, it grew four percent, and we're on track just around that same range this year. So, we continue to be very happy with the growth and tourism that the facility brings to the area.

And that ability to do that is, I think, highlighted by some of the quotes that are up on the board there. And the one that strikes me in particular is the third one down where the tourism and convention board specifically stated that the array of nighttime and sports entertainment adds to additional variety for entertainment options and really helps them to broaden and get new businesses and new people
to come to the facility and to the area, to have that tourism impact which is very favorable and consistent with the legislative intent.

And with that, I will turn it back to Mr. King.

ATTORNEY KING:

So, I'll just formally wrap up our presentation, and then I imagine you may want to get into the OEC, and then obviously, we can answer questions as necessary. I'll keep this brief. I think that, again, as Mr. Pickus stated, at the end of the day, this is a success story. This project, the Valley Forge Casino Resort is --- irrespective that there are still some people who argue, but the Supreme Court did rule that we are a resort facility under the Act.

But my point here is, this is exactly what the General Assembly intended. This amenity of a casino facility took a convention facility that was not --- it was fine, but it could be much better. And it has really energized it, catapulted it forward. You've seen the visitor increase that we've had. It's been extremely significant, it continues to grow. Growth is not like it was in the first year. It's consistent with what we're seeing in the industry as a
whole, but it is significant.

You've seen the level of investment in the facility, the continuing investment in the facility. You've seen all the economic impacts that have spun off because of that. Again, this is all irrespective of the gaming tax. This is all additive. You've seen the level of entertainment that's coming into the area. Just this week, we were looking into our database of customers, our recurring customers.

I think what's really impressive there is we're seeing that 25 percent in that database is coming from out of state, which is exactly again what the Act intended with respect to this category of license. And so it's been a great success. I think you saw at the public input hearing that the support for the facility in the local community couldn't be stronger. There was literally not a negative word said in April.

You've heard from Greg Phillips, who's the Chairman of the Board of Supervisors for our host township, extremely pleased with the partnership that the Township has been able to have with the facility. You've heard from Josh Shapiro, the Chair of the County Commissioners, again, extremely supportive. You've heard from Deidre Gibson, remember Deidre
Gibson being the Superintendent of Valley Forge Historical Park, which is in close proximity. Some people thought that would be a problem, hasn't been a problem at all. Very supportive. She told you about how we worked with the park service to make sure the things we were doing would not be negatively impacting the park, and they haven't.

You heard from Tim Briggs, our State Rep, again very supportive. And then you heard from the business community, you heard from Eric Goldstein, who's the executive director of the King of Prussia District, you heard from Ed Harris from the Convention and Visitor's Board. And they told you how this has really become a core or the base of all the tourism and economic development that's going on in the Valley Forge area, the King of Prussia area. It's been a great success.

And just so you know, Mike Bowman, our former president and CEO, has now become the president CEO of the Convention and Visitors Board, so he's still around and he's taken his experiences at the property and he's trying to help continue to bring that to a whole area to be successful. And then lastly, you did hear from Wendy Campbell from the Alzheimer's Association, who talked about the
partnership.

    So, I think we'll just close by saying
that I think that we've accomplished everything that
the Act sought, intended, wanted an awardee of a
license to achieve.

    And for all those reasons, I
respectfully submit that we should be relicensed. I
think just for administrative reasons at this point
I'd just like to move our PowerPoint into the record,
if there's no objection.

ATTORNEY STUART:
No objection.

CHAIRMAN:
It will be admitted.

ATTORNEY KING:
Great. And I'll close with that. Thank you.

CHAIRMAN:
All right. Thank you, Mr. King. OEF?

ATTORNEY STUART:
Glen Stuart for the OEC. It's S-T-U-A-R-T. I think I'm just going to ask some
general questions and then move back and kind of
refocus back on the PowerPoint, if that's okay.

ATTORNEY KING:
Sure.

ATTORNEY STUART:

Whoever from Valley Forge wants to answer, you're free to answer.

Talking about just moving forward the next three years if the license is renewed. Are there any plans to add additional amenities or make any other significant renovations to the casino or the resort within the next three years?

MR. PICKUS:

Well, as we discussed in the presentation, you know, we do have some ongoing renovations currently for some of our food and beverage and other outlets. We are actually in the midst of beginning to look at our capital requirements for next year, and we'll probably make presentations to our board --- not this board, but our board later this year with what we plan to do.

But without getting into necessarily specifics, the plans are, I mean, in this business, you have to keep making those improvements. You have no choice. They're the right things to do for the business owners, and for the guests and the employees. So, we will continue, as I think you've seen, to make those property enhancements that we feel are necessary...
to be competitive.

**ATTORNEY STUART:**

So, would characterize those changes as more refreshers as opposed to more high-profile things like the Valley Beach?

**MR. PICKUS:**

At the moment, I would probably answer yes to that question. But I don't want to dismiss the possibility, because there are some things that we are looking at that are more big picture, and sort of more impactful that we may look to do in the next three-year period.

**ATTORNEY STUART:**

Are there any plans to increase or decrease the size of the gaming floor?

**MR. PICKUS:**

Well, we are, as we all know, constrained by the legislation. And if that were to change, we'd be happy to change with it. But unless and until then, we are, you know ---.

**ATTORNEY STUART:**

I mean like the square footage of the gaming floor.

**MR. PICKUS:**
No.

ATTORNEY STUART:
Are there any plans to reduce the number of table games or slot machines within the next three years?

MR. RIGOT:
No, we're going to stay with the 50 table games and 600 slot machines.

ATTORNEY STUART:
Do you feel like that's working for you guys right now, you're maxed out, that's working ---?

MR. RIGOT:
It's working. As Bob said, we are constrained. Ideally, I'd like to have more than what we have, but under the rules of the game, so to speak, we are locked at 650.

ATTORNEY STUART:
How often does Valley Forge replace older slot machines with newer slot machines?

MR. RIGOT:
We are going to stay pretty much competitive and then the respect that the life cycle of a slot machine varies. It's probably right now, as an industry average, I would say about five years to seven years, in that realm.
So, we're three years into this. We have basically all new product. However, we intend to, as we always do, look at the product.

And based on the performance, we'll make the appropriate recommendations to our board and seek the necessary capital to purchase or lease games. Obviously, we have participation games, which we deal with the vendors in that respect.

So, we're constantly looking to monitor the win per unit to make sure that it's meeting our standards and our expectations and we'll change out underperforming or recommend to change out underperforming units.

ATTORNEY STUART:
That kind of piggybacks on my next question. Does Valley Forge lease, or they own their slots? Or is there kind of a mixture of both?

And if you can kind of give us a range on what's leased ---

MR. RIGOT:
I think we have ---

ATTORNEY STUART:
--- what's owned?

MR. RIGOT:
--- 70 machines that are participative,
so it's --- out of the 600 machines, were 7 --- 70
that are participative, and then obviously 530 are
owned.

ATTORNEY STUART:
So, by participative, you mean that they
are leased?

MR. RIGOT:
That's correct.

ATTORNEY STUART:
You kind of have a limit on the number
of table games you have --- table game options. Any
additions to the mix of table games that you see
coming down the pike?

MR. RIGOT:
Well, we constantly change it. For
instance, we have --- we just hired a new Asian host,
and they were able to go ahead and bring us Asian
clientele.

Now Asian clientele typically look for
games along the lines of baccarat, Pai gow poker,
tiles, Pai gow tiles. And so what we did is, we
changed out the mix, where we were heavy in blackjack
before and other novelty-type games to accommodate the
new influx of that business.

So, we're constantly monitoring the
floor, and once again, trying to do the right business decision behind the mix.

ATTORNEY STUART:
Okay. Are there any plans to open a poker room at this time?

MR. RIGOT:
Once again, we'd love to open up, but the 50 --- the poker, as you well know, or maybe don't know, but the poker is pretty much a fixed dollar amount. The unit typically in poker, you're not going to be able to go --- because of the way the poker game is designed, the rake and so forth, the earning potential on a poker table is roughly about $1,000 or less. And so our bank games are more profitable than a poker table.

So, consequently, the answer to that is, no, we won't be changing out any poker tables. However, if we get relief down the --- absolutely, we'd love to add a poker complement to our overall product offering.

ATTORNEY STUART:
Are there any plans to increase or decrease the number of staff for the casino and the resort in general?

MR. RIGOT:
We're constantly monitoring our staffing right now, you know, depending on what we offer. For instance, Bob talked about Valley Beach, and we are able to go ahead and add personnel to accommodate and to serve our guests out there. So, as we add amenities and in order to service the amenities with both, you know, customer service and so forth, we're always looking at our staffing.

Right now, I believe we're operating extremely efficient, and so materially, I don't see anything changing right now on the horizon, in the near future. But we're constantly monitoring our staffing levels.

ATTORNEY STUART:
Valley Forge currently offers two memberships; is that correct?

MR. RIGOT:
Well, we --- the second membership is the Valley Beach members you might be ---.

MR. FIGUERAS:
No, no. It’s the entertainment. It’s a ---.

MR. RIGOT:
Al, you speak --- why don’t you speak to that because you’re ---?
MR. FIGUERAS:

Hi. Alex Figueras, F-I-G-U-E-R-A-S, Vice President of Finance.

As you know, we do have two approved memberships currently, one of which is essentially not used as much as the entertainment membership. Our primary membership is our food and beverage membership. And there's a 3-month offering version of it and a 12-month offering version of it.

ATTORNEY STUART:

Does Valley Forge, in light of the opening of the Valley Beach --- does Valley Forge anticipate on adding or coming to the Board to petition the Board to add new memberships to its complement?

MR. FIGUERAS:

We're evaluating whether that is --- again, it's a seasonal offering that we had. And as we look into next year, trying to figure out what makes the most sense for us.

ATTORNEY STUART:

Okay.

MR. FIGUERAS:

So, we have not come to a conclusion at this point.
ATTORNEY STUART:

Does Valley Forge security patrol the parking lot for crimes, or specifically children who are left in vehicles while the parents go in and game?

MR. RIGOT:

Yes, to answer your question, they do. We have surveillance as well, constantly monitoring our parking lot. But we also have walking patrols as designated for the security personnel to be vigilant both inside as well as outside our property, so yes.

ATTORNEY STUART:

And traffic always seems to be a concern before a casino opens. Has any of those traffic concerns materialized?

MR. RIGOT:

I've only been there two months. You want to speak to that?

MR. FIGUERAS:

To my knowledge, no. We've had some large events. And we've been able to handle it without incident.

ATTORNEY STUART:

Has your parking been adequate?

MR. FIGUERAS:

Yes.
ATTORNEY STUART:

Now, just to jump back to the specifics of the PowerPoint now. If we could pull up page ten --- and Adrian had kind of alluded to this before, on page eight, you also discuss Montgomery County and Commonwealth of Pennsylvania economic impact.

On page ten, it references Montgomery County and Commonwealth of Pennsylvania. Are those numbers --- the Montgomery County numbers encompassed in the Commonwealth of Pennsylvania numbers?

MR. FIGUERAS:

Yes.

ATTORNEY STUART:

On page 12, there was an increase in non-gaming employees after the casino had opened. What position do these non-gaming employees hold? And how many --- and how do they service the casino, if they do at all?

MR. FIGUERAS:

Well, in support functions, so it would be, for example, our hotel.

ATTORNEY STUART:

Okay.

MR. FIGUERAS:

And some of our other ancillary food and
beverage operations that were already existing prior to the casino.

ATTORNEY STUART:
Can you briefly just outline the benefits provided to Valley Forge's full-time employees?

MR. FIGUERAS:
Of course. Our full-time employees would receive benefits that would be commensurate with, I believe, any of our competitors. There'd be full-time health benefits, a 401(k), dental benefits, life insurance, wellness programs that we offer, that type of ---.

ATTORNEY STUART:
And you'd also --- Attorney King had also said that the total employment is 10,000 --- or 1,063. How many of those are part-time?

MR. FIGUERAS:
We'd say about somewhere in the neighborhood of 250 or so of those.

MR. RIGOT:
It's about a 75/25 relationship.

ATTORNEY STUART:
And do those part-time employees get any sort of benefits?
MR. FIGUERAS:

They do. They do accrue vacation time, which we call PTO, so they would be eligible for that as --- based on their hours of employment, they would be able to do that and --- I mean, primarily that. They also have some other benefits that are, if they wish to elect into on their own and pay that the company does not share in, they would have the opportunity to do that, too.

ATTORNEY STUART:

So, the company wouldn't match, like, a 401(k) contribution-type thing ---

MR. FIGUERAS:

No.

ATTORNEY STUART:

--- for part-time? No? Okay. And those part-time employees don't get medical or dental or anything like that?

MR. FIGUERAS:

No, like I said, there are certain medical benefits that are open to full payment ---

ATTORNEY STUART:

Okay.

MR. FIGUERAS:

--- by an employee, by a part-time
employee, if they so desire to.

ATTORNEY STUART:

On slide 18, page 18, it states that Valley Forge spends $10,000 annually on employee training, printing, signage, printing brochures, et cetera, in relation to the compulsive and problem gambling plan. How much of that $10,000 is spent on employee training?

MR. FIGUERAS:

Virtually all of it has been spent on it, particularly in the last two years.

ATTORNEY STUART:

You also stated that all employees are provided education on responsible gaming. Is that training for literally all employees or only employees that are licensed by this Board?

MR. FIGUERAS:

All employees that are hired by Valley Forge Casino.

ATTORNEY STUART:

Including, like, EVS attendants?

MR. FIGUERAS:

Uh-huh (yes). Yes.

ATTORNEY STUART:

On page 20, you reference the parking
lot. Can you just outline how has the parking lot improved over the past three years?

MR. FIGUERAS:

Well, we've maintained the parking lot. Obviously, it's a large, flat surface lot that is actually not level. It goes up a hill. So, there are a lot of --- between either striping, filling in potholes, keeping it paved and sealed properly and maintained for our customer usage.

ATTORNEY STUART:

Okay.

MR. RIGOT:

I'll be happy to note, we just resurfaced. Most of the holes that you're talking about have been filled in. So, we just --- we just completed that project.

ATTORNEY STUART:

Are there any plans to add a parking garage?

MR. RIGOT:

Not at this point in time, unless we get relief from the legislative, you know, and be able to add more slot machines and more table games. I think the --- roughly, we have 1,500 spots ---
Uh-huh (yes).

MR. RIGOT:

--- I believe. And that seems to be sufficient for right now.

ATTORNEY STUART:

So, you have 1,500 spots now?

MR. RIGOT:

Yeah, approximately 1,500 spots.

ATTORNEY STUART:

On slide 29, I think that's the first time you reference the new Valley Beach. Can you outline the measures that Valley Forge has taken to insure compliance with preventing underage, excluded persons, self-excluded patrons from accessing the gaming floor, as well as insuring compliance with the Category 3 access requirements?

MR. RIGOT:

Basically, it's the same training that we give to the rest of the property as far as personnel, bartenders, cocktail waitress, security guards, et cetera. They look for the same similarities.

So, if you're an individual at Valley Beach ordering --- trying to order a beer versus an individual trying to order a beer at one of our bars
inside, you're going to be --- you're going to have the same scrutiny, if you will. You're going to have to present ID and so forth and so on. So, it's the same training, if you will. It's applicable outside as well as inside.

ATTORNEY STUART:
What about --- I'm assuming there's an access point to access the casino from Valley Beach?

MR. RIGOT:
There is. There is. And the security does the same thing. They have the ability to check the individual's ID and card to make sure, in fact, they meet the State's requirement of being 21 years of age or older.

ATTORNEY STUART:
Is there a cover charge, I guess to say, to get into the Valley Beach? Or is that free to people staying at the resort or people who are a patron of the Valley Forge amenity?

MR. RIGOT:
No, you pay a cover charge to get into the Valley Beach. Or you can buy a seasonal membership and --- but if you pay for the day --- the $10, that will be able to --- that can be used, if you will, to gain access, if you will, to the casino.
ATTORNEY STUART:
So, the cover charge is $10 for the Valley Beach; ---

MR. RIGOT:
Correct.

ATTORNEY STUART:
--- is that correct? Okay.

MR. RIGOT:
What's the season pass, is it $50?

MR. FIGUERAS:
We were discounting this year at $50 for the season, yes. But that only --- obviously that was not a membership, but ---

MR. RIGOT:
Right.

MR. FIGUERAS:
--- obviously, the day that you purchased $50, it met the $10 requirement, and you would get a 24-hour access ---

ATTORNEY STUART:
Okay.

MR. FIGUERAS:
--- into the casino.

ATTORNEY STUART:
On page 36, it's kind of a softball, but
number of visitors grew 76 percent from 2012 to 2013, another 4 percent from 2013 to 2014. What can you attribute that growth to?

I think the first one's pretty easy, but the four percent, I think, is that ---?

MR. RIGOT:

Yeah, I think, I think what we are seeing is what Bob talked about earlier, we now --- we've reached --- typically what happens, and when you introduce a new facility, you get tremendous growth the first year, it --- and it dwindles after --- we are now what I call a mature property in the marketplace.

So, we're going to --- I suspect going forward, my inclination is, unless we do a game-changer event on property, we're going to see similar growth patterns to the rest of the industry. And the three to four percent reading just seems to be this year, so --- and I think that's where we're going to fall out.

ATTORNEY STUART:

It also states on page 36 that over half, more than half of VCR --- VCFR's visitors were found to reside in locations more than 20 miles from the facility. Is Valley Forge seeing a lot of people
from New Jersey or Delaware or surrounding states coming to the property?

MR. RIGOT:

I was surprised. We just ran the data, and it looks like 25 percent --- like Adrian was saying, 25 percent of our customers are from out-of-state.

ATTORNEY STUART:

Okay.

MR. RIGOT:

So, I found that very fascinating. So, yes, we're getting people from obviously more than the 20-mile radius.

ATTORNEY STUART:

Are you seeing people from farther from surrounding states, like North Carolina, Ohio? Are you seeing people traveling farther than ---?

MR. RIGOT:

I don't know if --- do we have information where they actually come from?

MR. FIGUERAS:

Well, what I --- well, we would. Primarily, it's the surrounding, although because we're also a convention hotel we do draw from a larger pool of people that come from other areas. I wouldn't
say those are our regular gamblers, so to speak. If they're attending the casino more frequently, they're most likely driving in from the surrounding States of Delaware and New Jersey ---

ATTORNEY STUART:
Okay.

MR. FIGUERAS:
--- and to a certain extent, Maryland at times.

ATTORNEY STUART:
I have no further questions.

CHAIRMAN:
Any questions from the Board? Greg?

MR. FAJT:
Thank you, Mr. Chairman. Just a quick question. Is there a separate entrance to Valley Beach from the parking lots? In other words, does a person who wants to go to Valley Beach have to go through the original queues at the casino? Or is there a separate entrance from the outside of the casino to --- directly to Valley Beach?

MR. RIGOT:
As I understand it, the --- and you can correct me if I'm wrong, but you have to gain access to Valley Beach only through the hotel itself. You
can't access it from the parking lot, in other words. You have to come in physically into the building. You don't have to go through the casino, if that's where you're --- no, you don't have to go through the casino in order to gain access to Valley Beach. You could be a hotel guest and go --- and go to Valley Beach without having to go through the casino.

MR. FAJT:
And then my follow-up question is, so when you go from Valley Beach then into the casino, do you --- and I heard one of you say about the security and all that stuff, but do you have those same walk-through turnstiles ---

MR. RIGOT:
Yes.

MR. FAJT:
--- at that entry point as you do from the parking lot to --- directly to the casino.

MR. FIGUERAS:
They function identical. There's not the actual turnstiles. We have what's called a virtual turnstile. In other words, people do swipe. And there's a computer screen that pops up all the same information that we get in the front.

So, instead of a physical turnstile,
it's a podium with a swipe. And they go through the
exact same procedures they go through in the front of
the --- they're just not a physical terminal.

MR. FAJT:
But is it --- is it channeled or
funneled ---

MR. FIGUERAS:
Yes, absolutely.

MR. RIGOT:
It is.

MR. FAJT:
--- so you can't have ten people ---?

MR. FIGURAS:
Yes. There's only one person that can
go through at a time.

MR. RIGOT:
And it's staffed with the security ---
that's correct. The security person does, in fact,
check the --- every individual entering the facility.

MR. FAJT:
Thank you.

MR. MCCALL:
I have a question.

CHAIRMAN:
Any other questions?
MR. MCCALL:
I do.

CHAIRMAN:
Keith?

MR. MCCALL:
Can you give the Board a sense of public feedback that you get on the patron amenities, when someone comes to your facility, and they're told that they have to spend $10 first, or you know, purchase something before they could use the floor, how often --- I mean, do people complain about that? And how often do complain? Are you still hearing that three years down the road, after you have been licensed?

MR. RIGOT:
I'll speak to that. I'm sure everybody else will want to weigh in as well. I get complaints daily. And the complaints that I receive, it goes from, you mean to tell me I have to pay $10 to lose my money? You get those type of things.

I have other individuals that complain of the fact they bring an individual with them, and the way we have it is, if you're a member, you can bring a guest, they go on the floor. And when they leave the casino floor to go to patronize one of our amenities, to get a sandwich, to get a hamburger,
whatever, they come back and they can't gain access to the casino floor unless they --- the person that brought them leaves their gaming device to go out and to, you know, reintroduce them to the floor again and bring them back in.

So, there's a lot of problems inherent with the access. This is my first, obviously, encounter with it in the 40 years that I've been in the business. And it's challenging, I can tell you that. And it is causing customer ill-will, I can also tell you that. That's factual.

MR. MCCALL:
And it's a daily --- you say you hear it daily?

MR. RIGOT:
I hear it daily.

MR. MCCALL:
Tell me with --- you know, you had 853,000 guests last year. Have you ever estimated what that number could grow to if you didn't have ---?

MR. RIGOT:
We haven't. I don't think that we've done an actual study on it, but --- and I've heard, you know, different individuals that I spoke to, it could go anywhere --- I know it's something greater
than zero ---

MR. MCCALL:
Uh-huh (yes).

MR. RIGOT:
--- it's probably something less than 20 percent, though. So, I would say, I would say you're probably looking around 10 or 15 percent for sure.

MR. MCCALL:
And how to restrict --- how restrictive does, you know, 50 tables and 600 slots have?

MR. RIGOT:
Certainly on our slot product we have --- I would even say table games from this respect. What happens by virtue of having only 50 tables and 600 slot machines, in my humble opinion, is that you have the competitors that offer 100 plus table games. They offer poker. So, what happens is, is consumers have a choice. They like to be able to bounce around. For instance, at our table --- at our casino, we have some tables that you only have two or three that you can offer of a particular game type, whereas other casinos have more than two or three. So, consequently, customers have the ability to find the game of choice. Sometimes they get blocked out. Depending on when they arrive, they may not be able to
access the game that they're really looking for. That causes a problem, obviously.

In terms of the slot product, we do have utilization whereby on our peak periods, it's way above 80 percent, which is --- which is telling me that we can definitely --- there's demand for additional slot product.

You also look at Valley Forge on win-per-unit basis, and we're number one in the state as far as the win-per-unit, with 600 slot machines. That makes sense to me that we should be number one by virtue of our slot product, but when you're comparing, you know, 2,000 or 3,000 machines that some of our competitors have. So, we're at a huge disadvantage in that respect.

MR. MCCALL:

So, that's eliminated and just kind of for the record. But revenues would grow exponentially as well, both to you and to the Commonwealth.

MR. RIGOT:

Absolutely. I think revenues would grow. You know, obviously tax dollars would grow. Jobs would be created. I think for every $200,000 of revenue that we would increase, there’d probably be an FTE that would be created. So, yes, I think all good
things would flow from getting relief.

MR. MCCALL:
Thank you.

CHAIRMAN:
Dave?

MR. WOODS:
Yes. Could you inform me of your average occupancy of your hotel rooms?

MR. RIGOT:
Sixty-one (61) percent, year-to-date.

MR. WOODS:
And of that, how many are connected --- the percentage connected with conventions versus a casual overnight stay?

MR. RIGOT:
I'm going to turn it over to my --- I know that the casino is a small number.

MR. FIGUERAS:
We have --- yeah, we have, really, several different types of customers. We have our convention business. We have transient, as any hotel would have. And then there are casino customers. So, if you're --- the general break between casino customers and not, we generally have a drive-in market, so our casino customers, primarily on
the weekends, are taking up rooms. But during the
week, that's primarily tourists, transient and
convention business.

MR. WOODS:
Thank you. In conjunction with your
swimming pool amenity, are there changing facilities
or anything for patrons who use that, or are they
using --- going into the casino in their bathing
suits? I mean, what kind of setup is there? It just
sounds a little strange to me.

MR. RIGOT:
Now, we have a few people walking
through and --- with their bikinis through the --- no.
Now, we do have people that actually arrive with their
bathing suits and their bathing suit attire. We do
have restrooms, though, right off the --- right off
the facility that they can use. And they do ---

MR. WOODS:
Okay.

MR. RIGOT:
--- they do use the restrooms and
change. We've noticed that.

Hence, to Bob's point, what I'd like to
do next year is make a --- make a few changes and add
a few amenities that make sense out there, even, for
instance, a --- not only --- not only are we looking
at locker rooms and showers and that type of thing,
but possibly even adding a barbecue pit, where we can
grill out there, hamburgers. And so it's really ---
it's really an amenity that there's obviously a demand
for.

I was pleasantly pleased to see the kind
of response that we witnessed this past summer. There
are a lot of local people, rather than going to the
Jersey shore now, are opting to come to Valley Beach
because it's a pretty good offering.

So, I think we can expand upon that and
make it even better and embellish it to even draw more
people and get people more excited about the product
offering out there.

MR. WOODS:
Thank you.

CHAIRMAN:
Okay. Glen?

ATTORNEY STUART:
The OEC Counsel does not have a
presentation today and will not be putting on any
witnesses. However, representatives from the BIE and
its Financial Investigative Unit as well as the Bureau
of Casino Compliance are here today, if the Board has
any questions.

I also have three exhibits that I would like to add to the record. These are just updates from what we heard --- from what we submitted into the record at the April public input hearing.

One is a letter from the Liquor Control Board, just saying that there were no other violations since April. Also, the Board approved a consent agreement over the summer. And another warning letter was issued to Valley Forge. So, that has been provided to the Board.

And if Mr. King has no objection, we'd like to put that into the record.

ATTORNEY KING:

No objection, sir.

CHAIRMAN:

It will be admitted.

ATTORNEY STUART:

And just a brief statement, Valley Convention Center Partners, LP, its affiliates and principals, timely filed renewal applications. And the BIE has completed the background investigation of all entities and individuals involved with this license renewal.

Valley Forge has fully cooperated with
the BIE during the license renewal investigation process and the BIE has not identified any information that would preclude Valley Forge, its affiliates or principals from being found suitable at this time.

Therefore, the OEC recommends that Valley Forge Convention Center Partners, LP be found suitable for renewal of its Category 3 slot machine license.

CHAIRMAN:
Okay. Any other questions, issues, problems?

ATTORNEY KING:
No, sir.

CHAIRMAN:
Thank you all very much. A vote on this matter is scheduled for later today under the Bureau of Licensing section of the agenda.

Thank you, lady and gentlemen.

ATTORNEY KING:
Thank you.

CHAIRMAN:
And before we begin the public hearing part --- or the public meeting, excuse me, the Board will take a recess for ten minutes?

We'll be back --- that clock says 11:25,
so we'll go by that, at 25 of 12:00. Thank you.

ATTORNEY STUART

Thank you.

* * * * * *

HEARING CONCLUDED AT 11:25 A.M.

* * * * * *
CERTIFICATE

I hereby certify that the foregoing proceedings, hearing held before Chairman Ryan was reported by me on 9/23/15 and that, I Derrick Ferree, read this transcript and that I attest that this transcript is a true and accurate record of the proceeding.

Derrick Ferree

Court Reporter