

COMMONWEALTH OF PENNSYLVANIA

GAMING CONTROL BOARD

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IN RE: VALLEY FORGE CONVENTION CENTER PARTNERS -
PETITION TO INCREASE NUMBER OF SLOT MACHINES

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HEARING

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BEFORE: MEMBERS OF THE BOARD:

DAVID M. BARASCH, CHAIRMAN

Richard G. Jewell

Kathy M. Manderino (via telephone)

Merritt C. Reitzel

Obra S. Kernodle, IV

Dante Santoni, Jr.

Sean Logan

EX-OFFICIO MEMBERS/DESIGNEES IN ATTENDANCE:

Jennifer Langan, Designee, Department of
Treasury

Fred Strathmeyer, Designee,
Department of Agriculture

Christin Heidingsfelder, Designee,
Department of Revenue

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HEARING: Wednesday, October 31, 2018

LOCATION: Pennsylvania Gaming Control Board

Strawberry Square

2nd Floor

Harrisburg, PA 17101

Reporter: Bernadette M. Black

A P P E A R A N C E S

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Assistant Enforcement Counsel

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Counsel for Valley Forge Casino Resort and Boyd
Gaming

ALSO PRESENT:

Bill Wright, Senior Vice President of Operations, Boyd
Gaming

David Zerfing, Vice President and General Manager,
Valley Forge Casino Resort

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CHAIRMAN: Last but not least of our Public Hearings today, Valley Forge Convention Center Partners' Petition to Increase the Number of Slot Machines.

I'd request that anybody who's going to be speaking today please state and spell your name for the court reporter prior to your presentation, and that all non-attorney witnesses will be sworn.

But first I want - hold on a second. Would you first identify who's here before we swear them?

ATTORNEY KING: I apologize.

CHAIRMAN: No problem.

ATTORNEY KING: Mr. Chairman, Members of the Board, good morning. Adrian King from the Ballard Spahr Law Firm, here on behalf of Valley Forge Casino Resort and Boyd Gaming.

With me today ready to be sworn in are Mr. Bill Wright, farthest from me, he's the Senior Vice President of Operations at Boyd Gaming, and Mr. David Zerfing, who's the Vice President and General Manager of Valley Forge Casino Resort.

CHAIRMAN: So, before you're sworn,

1 please spell your names for the court reporter.

2 MR. WRIGHT: Bill Wright, W-R-I-G-H-T.

3 MR. ZERFING: David Zerfing,

4 Z-E-R-F-I-N-G.

5 ---

6 (WITNESSES SWORN EN MASSE)

7 ---

8 CHAIRMAN: You can proceed, Adrian.

9 ATTORNEY KING: Thank you, sir.

10 Hopefully we can keep this rather -
11 rather short. The issue is rather simple.

12 Under the Gaming Expansion
13 Legislation, one of the options given to Category 3
14 Casinos was the addition of 250 slot machines. That's
15 under Section 1305C.1 of the Gaming Act.

16 Valley Forge is exercising its option
17 to add those machines. And I want to just quickly
18 tell you about it.

19 So we hope to start this process on or
20 around November 12th. The casino floor will be
21 divided into four sections. Those sections will be
22 done in sequence. Construction will be done Sunday
23 through Thursday.

24 The goal is to have the entire casino
25 floor open during construction on the weekends,

1 Friday, Saturday, in particular. And hopefully that
2 expansion will be complete before Christmas.

3 With respect to our vendor partners,
4 we will be working with - TN Ward is the general
5 contractor, and American Gaming & Electronics will
6 supply the Licensed Slot Techs.

7 Turn to the next page. Slots are
8 purchased from seven manufacturers; Ainsworth,
9 Aristocrat, Bally, Everi, IGT, Incredible Technologies
10 and Konami.

11 Total cost of this expansion is
12 approximately \$9 million. Biggest cost is \$5.4
13 million, with respect to slot machines, software,
14 related equipment.

15 Carpeting is quite expensive these
16 days, I see, at nearly \$600,000.

17 With respect to power, data and
18 surveillance, half a million dollars. And then we'll
19 be paying - under the Act, it requires us to pay a
20 \$2.5 million License Fee to the Commonwealth.

21 The project is funded through Boyd's
22 Gaming Revolving Credit Facility, which is a \$500
23 million facility.

24 Turning to the next slide - we
25 apologize that this one is in gray scale, which is the

1 only way that we have it. This is the existing gaming
2 floor. The only thing I want to point out, because I
3 think it will be of interest to you, as well as
4 Enforcement Counsel. But if you look at the very top
5 center of that gray-scale chart, you'll see there are
6 five blackjack tables. Those five blackjack tables
7 will be eliminated from the floor.

8 Turning to the next slide, and I've
9 handed up to you, and I believe you have a larger copy
10 of this on 8-and-a-half-by-11 paper, just because I
11 think it's a little bit more clear. This is the
12 post-expansion layout of the gaming floor.

13 Gaming floor size itself will not
14 change. We are adding the 250 machines into the
15 existing square footage. As you'll see here, those
16 five blackjack tables that I pointed out are no longer
17 there.

18 And with respect to the colors -.

19 BOARD MEMBER: So they're permanently
20 eliminated, those blackjack tables, the five?

21 ATTORNEY KING: Yes, sir.

22 And the green - the green units are
23 the new units, as they're woven into the floor. The
24 blue units being the currently existing units.

25 That is the presentation. The issue

1 is rather simple. We would make ourselves - and
2 specifically, Mr. Wright and Mr. Zerfing, available
3 for any questions that you might have.

4 CHAIRMAN: Thank you.

5 Enforcement Counsel.

6 ATTORNEY GABRIELLE: Yes. Thank you,
7 Mr. Chairman. Good morning, again, and Members of the
8 Board. Ashley Gabrielle, G-A-B-R-I-E-L-L-E, Office of
9 Enforcement Counsel (OEC).

10 The OEC has reviewed Valley Forge
11 Convention Center Partners, LLC's Petition to Increase
12 the Number of Slot Machines pursuant to 4 Pa C.S.
13 Section 1305(c)(1) and filed an Answer on
14 October 25th, 2018.

15 The Answer sets forth in detail OEC's
16 analysis of the relief requested by Valley Forge and
17 the ultimate conclusion that OEC has no objection to
18 the approval of Valley Forge Convention Center
19 Partners, LLC's petition, subject to the proposed
20 conditions outlined in the Answer and any additional
21 conditions imposed by the Board.

22 The OEC is available to answer any
23 questions you may have.

24 CHAIRMAN: Thank you.

25 Any questions or comments from the

1 Board in this matter? Hearing none -?

2 ATTORNEY KING: Mr. Chair, if I could
3 just, in housekeeping, move our presentation into
4 evidence.

5 CHAIRMAN: So moved.

6 ATTORNEY KING: And I'll just put on
7 record that we have no objection to any - any of the
8 conditions.

9 And we also would like to thank the
10 staff, OEC, for working with us to move this through
11 to you.

12 Thank you.

13 CHAIRMAN: Thank you very much.

14 And this will also be voted on in the
15 OCC's portion of the agenda later today. Thank you
16 for coming.

17 ATTORNEY KING: Great. Thank you.

18 CHAIRMAN: Thank you.

19 * * * * *

20 HEARING CONCLUDED

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CERTIFICATE

I hereby certify that the foregoing proceedings, hearing held before the Pennsylvanian Gaming Control Board, was reported by me on 10-31-18 and that I, Bernadette M. Black, read this transcript, and that I attest that this transcript is a true and accurate record of the proceeding.

Dated the 27th day of November, 2018

Bernadette M. Black

Bernadette M. Black,
Court Reporter