

COMMONWEALTH OF PENNSYLVANIA

GAMING CONTROL BOARD

* * * * *

IN RE: STADIUM CASINO, LLC - PETITION FOR EXTENSION OF
TIME TO MAKE SLOT MACHINES AVAILABLE

* * * * *

BEFORE: MEMBERS OF THE BOARD:

DAVID M. BARASCH, CHAIRMAN

Richard G. Jewell

Obra S. Kernodle, IV

Sean Logan

Kathy M. Manderino

Merritt C. Reitzel

Dante Santoni, Jr.

EX-OFFICIO MEMBERS/DESIGNEES IN ATTENDANCE:

Jennifer Langan, Designee,

Pennsylvania Treasury

Fred Strathmeyer, Jr., Designee,

Department of Agriculture

Radee Skipworth, Designee,

Secretary of Revenue

Reporter: Lindsay Deann Richardson

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1 HEARING: Wednesday, November 28, 2018
2 LOCATION: Pennsylvania Gaming Control Board
3 Strawberry Square
4 2nd Floor
5 Harrisburg, PA 17101
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A P P E A R A N C E S

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17 Harrisburg, PA 17101

18 Counsel for Stadium Casino, LLC

19

20 ALSO PRESENT:

21 Joseph Weinberg, Managing Partner of Stadium Casino,

22 LLC/CEO of Condish Global Gaming

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I N D E X

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<u>Number</u>	<u>Description</u>	<u>Page Offered</u>	<u>Page Admitted</u>
<u>Stadium Exhibits:</u>			
1	DVD	23	--*
2	Design Book	23	--*

*Exhibits not attached

P R O C E E D I N G S

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CHAIRMAN: Next up, Stadium Casino.
Petition for Extension of Time to Make Slot Machines
Available.

The Petitioners can come forward.
Good morning.

ATTORNEY STEWART: Good morning.

CHAIRMAN: As always anyone that's
going to be speaking, please - should make sure they
spell - state and spell their name for the Court
Reporter. And any nonattorney witness should stand to
be sworn.

ATTORNEY STEWART: Yes, sir, Mr.
Chairman.

JOSEPH WEINBERG,
CALLED AS A WITNESS IN THE FOLLOWING PROCEEDING, AND
HAVING FIRST BEEN DULY SWORN, TESTIFIED AND SAID AS
FOLLOWS:

ATTORNEY STEWART: Good morning,
again, Chairman and Commissioners. May it please the
Board, my name is Mark Stewart with Eckert Seamans,
appearing on behalf of Stadium Casino, LLC.

1 With me is a Principal of Stadium
2 Casino, Joseph Weinberg, who is also the CEO of
3 Cordish Global Gaming, among various other hats that
4 he wears.

5 We are before you this morning on a
6 Petition requesting approval of the extension that is
7 authorized under Section 1210(a)(2) of the Gaming Act,
8 for the requirement to have 1,500 slot machines up and
9 running within 12 months of the issuance of a Slot
10 Machine License.

11 We have a presentation for you today,
12 and Mr. Weinberg will lead that.

13 MR. WEINBERG: Good morning. My name
14 is Joe Weinberg, W-E-I-N-B-E-R-G, a managing partner
15 of Stadium Casino, LLC and pleased to be here this
16 morning.

17 What I thought I'd do is just give you
18 just a quick introduction, because it's been a while,
19 of our company.

20 The Cordish Companies, we are a
21 hundred-year-old privately-held company. We, in
22 addition to gaming, we are also major developers of
23 all kinds of non-gaming assets throughout the country.
24 We do major high profile mixed-use urban developments
25 throughout the country, many sports-anchored

1 developments, where we work with Major League sports
2 franchises throughout the - throughout the country,
3 office, residential.

4 In gaming, we have developed three of
5 the most successful casinos in the country, the Hard
6 Rock Hotel Casino in Fort Lauderdale, Hollywood
7 Florida, as well as the Hard Rock Hotel Casino in
8 Tampa, Florida and the Live! Casino Hotel in the
9 Baltimore, Washington corridor.

10 Our projects have won many Urban Land
11 Institute Awards of Excellence. In fact, we've been
12 awarded for our projects more than any other developer
13 in the world.

14 Our projects today welcome over 50
15 million customers each year. And we really are in -
16 you know, see ourselves as being in the experience
17 business. You know, we're all about creating -
18 whether it's gaming, non-gaming, a world-class
19 experience for our - for our customers.

20 To give you a quick just kind of
21 history on the project in Philadelphia and licensure.
22 We were originally awarded our License in November of
23 2014. Almost immediately our License was appealed by
24 several competitors. And the Supreme Court in
25 Pennsylvania gave its final Notice of Discontinuance

1 of that appeal at the end of 2017.

2 So, we paid our \$50 million license
3 fees for slots in November of 2017, our License was
4 initially issued in December of 2017.

5 In January of 2018 we bid on one of
6 the Cat 4 licenses in Western Pennsylvania, which we -
7 which we won. And then we paid our Table Games
8 License in June of 2018.

9 On the development side, again, we
10 were issued our License at the end of 2017. So,
11 immediately we got to work, and in January of 2018, we
12 applied for and received our zoning and use
13 registration for the gaming use in the City of
14 Philadelphia.

15 We closed on our property in January
16 of 2018 at 900 Packer Avenue. And I'll walk you
17 through kind of that site just to refamiliarize
18 everybody.

19 We obtained a demolition permit for
20 existing buildings on that site in April of 2018. And
21 we have a typo here, but we submitted construction
22 drawings to the City of Philadelphia in June -.

23 MS. MANDERINO: Change your slide.

24 MR. WEINBERG: Thank you. Sorry about
25 that.

1 In June of 2018, we submitted complete
2 construction drawings to the City of Philadelphia for
3 permitting. And for a project of this size, it's
4 thousands of sheets of plans and specs. And we have
5 entered that into the record. And if you all are
6 looking for something to do at some point, you can
7 walk through those thousands of plans.

8 We received - in the City of
9 Philadelphia, there's a requirement that you have a
10 certain amount of public art that's part of your
11 projects. So, we presented that and got approval of
12 that from the City of Philadelphia in September of
13 2018, and we're expecting our final Building Permit
14 momentarily.

15 The initial budget for the project was
16 \$450 million and the current budget is \$700 million.
17 And I'll walk you through what our thinking was on
18 that, and kind of the transition, our thinking of the
19 project.

20 Our budget for the Cat 4 facility is
21 \$150 million, and we've got \$180 million in equity
22 that is invested to date.

23 This is the site for - the
24 Philadelphia site in the Stadium District. We
25 acquired what was the former Holiday Inn right at

1 Packer Avenue and Darien and 10th. The - and then you
2 see visuals of the Holiday Inn building that was on
3 the site.

4 This was the original design for the -
5 for the project in which we were preserving the
6 Holiday Inn and redeveloping that building. And - if
7 I have it up - if you see, the problem that we - that
8 we saw with the Holiday Inn is that it sits right in
9 the middle of the site.

10 And so, as where we're getting into
11 detailed plans for the project, we were just not happy
12 with having that building sitting in the middle of the
13 site. It didn't allow us to really have an ideal
14 gaming floor layout, layout for amenities. It was
15 really more of a hindrance to the project than an
16 asset.

17 And this is the design for the
18 project, in which we're tearing down the Holiday Inn
19 and building a brand new world-class hotel on the
20 site. This elevation that you see is looking from
21 Packer and Darien Streets. You also see a close-up of
22 the port-cochere entrance off of - off of Darien.

23 And you see the port-cochere. And
24 then the second visual is looking from 10th and
25 Packer, back of the building. The building's finished

1 on all sides, so with the beautiful metal cladding.

2 We also have a 2,700 car parking
3 garage that is attached to the facility. So, it
4 really provides the ideal customer experience in terms
5 of coming to the facility, parking, being able to come
6 into the facility, not having to go out into the
7 weather.

8 We're also surrounded by thousands of
9 surface parking spaces as well.

10 So, this is a - our gaming floor and
11 entry into our - into our lobby off of the port-
12 cochere. And this shows that now we have, you know, a
13 wide open gaming floor that we're able to anchor
14 around the gaming floor with amenities and create much
15 more visual excitement for the - for the space.

16 These are the hotel interiors. And
17 again, very upscale interiors. This is a - we just
18 opened a Live! hotel at our Maryland facility. We're
19 building a Live! hotel as part of our Texas Live
20 Project next to the Texas Rangers Stadium. This room
21 we've actually fully mocked up and it's really a
22 beautiful amenity.

23 Fitness room in the hotel. And again,
24 our - our vision for this project is that this becomes
25 part of what will really be one of the most unique

1 sports entertainment gaming hospitality destinations
2 in the country.

3 This site is the only place in the
4 country where four Major League franchises play in one
5 - in one location. As part of that, we also have
6 significant recording artists that are playing in the
7 District. We have an existing entertainment complex,
8 Xfinity Live! that's part of this district that we
9 will comarket with the casino. And we're expanding
10 those amenities as well.

11 So, we really see this as a sports
12 gaming entertainment hospitality destination that will
13 be very unique in the country.

14 In terms of the restaurant and dining
15 amenities, this is an upscale steakhouse that will be
16 part of the - part of the project. We have a very
17 hip, kind of casual restaurant, with an Asian design
18 flair.

19 A marketplace that evokes the great
20 food markets in the City of Philadelphia, like Reading
21 Market.

22 A sports bar, which now also be a
23 sports book. So, we had already programmed a great
24 sports entertainment venue as part of the casino, and
25 this will also take on our sports book facilities.

1 From a scheduling standpoint, we are
2 looking at finishing up demo relocation of some
3 utilities end of December through March of 2019.
4 Starting full-scale construction with foundations by
5 April of next year, and looking at completion of the
6 project at the end of 2020.

7 So, just in summary, we really look at
8 this as a world-class integrated development. This is
9 a very large scale - in terms of a first phase, it's,
10 you know, a very large-scale facility with gaming,
11 parking as well as hotel.

12 As part of the initial development, we
13 are making a major investment in the Commonwealth,
14 both in Philadelphia as well as the Cat 4 in Western
15 PA. \$700 million in Philadelphia and \$150 million in
16 Westmoreland - Westmoreland County.

17 We have \$180 million of equity
18 invested to date. So, we're obviously very excited
19 about the opportunities here in Pennsylvania. And
20 we've really been on a rapid development on this
21 project.

22 We've gone from licensure to full
23 plans. Started demo permits within about an 11-month
24 period, which is moving pretty quickly, particularly
25 in the City of Philadelphia.

1 It's not, you know, always the easiest
2 to work your way through permits in that period of
3 time.

4 So, I'm happy to answer any questions
5 you have about the project.

6 CHAIRMAN: Thank you.

7 Enforcement Counsel?

8 ATTORNEY PITRE: With regard to the
9 demolition of the Holiday Inn, I know initially in
10 2014, when we were having the hearings, you
11 anticipated a 15 to 18 month construction time.

12 Does the demolition add a little bit
13 more time with regard to getting the facility up and
14 running?

15 MR. WEINBERG: The demolition does.
16 And also the fact that we're building a ground-up
17 hotel, versus renovating an existing hotel. So, we
18 have to build a complete core shell for the hotel as
19 well. So, it has added time to the construction
20 schedule.

21 ATTORNEY PITRE: Okay.

22 And is there an anticipated demolition
23 date, where you implode the hotel or tear down -?

24 MR. WEINBERG: Yeah. Well, there's a
25 process where we have to relocate some cell towers

1 around the hotel, which we'll do by January. And then
2 February and March will be - it's not going to be a
3 television-event implosion, it's - we're actually
4 taking it down by, you know, hand machine.

5 So, that's about a seven, eight-week
6 process, which will put us into the beginning of April
7 for foundations.

8 ATTORNEY PITRE: Okay.

9 And with regard to your permits, I
10 know that you are waiting on a Building Permit. Are
11 there any other permits that you need in order to
12 start construction, other than that Building Permit?

13 MR. WEINBERG: Only the Building
14 Permit.

15 ATTORNEY PITRE: Okay.

16 And once you receive that Building
17 Permit, you anticipate being able to complete
18 everything by December 2020, hopefully, without any
19 unforeseen circumstances?

20 MR. WEINBERG: Correct.

21 Because obviously we want it done as
22 quickly as possible, because the longer it takes, the
23 more it costs us, so we're pushing to get it done as
24 quickly as possible.

25 ATTORNEY PITRE: Okay.

1 And are there any - any things right
2 now that you see as barriers to you completing that
3 project?

4 MR. WEINBERG: Nope, not at this time.
5 I mean, we're fully designed and have our contractor
6 on board. We've already had the plans out to bid.
7 We've started all of our Minority Outreach Programs
8 for the project, so we're already in full - full
9 movement.

10 ATTORNEY PITRE: Okay.

11 Mr. Chairman, I have no further
12 questions.

13 CHAIRMAN: Questions or comments from
14 the Board?

15 MS. MANDERINO: I was looking at your
16 construction schedule. And I was also - in light of
17 the kind of mockup of the building or buildings, and
18 it looked like, although - it looked like there were
19 three different buildings. There was the hotel, there
20 was the casino and there was the parking garage.

21 And then when - and I could see,
22 obviously, especially in the early phases, with
23 foundation utilities all that stuff, why it needs to
24 move together.

25 But then when you get to the fit-out

1 or the finishing, it seemed like the - I guess they're
2 all moving together and to a certain extent the casino
3 is last up, so to speak, for lack of a better way of
4 saying it. Maybe I'm not reading that right.

5 I guess my concern is how much
6 flexibility there is in the schedule if things get
7 complicated for the casino to move ahead before the
8 hotel is finished or before the final part of the
9 parking garage is finished?

10 MR. WEINBERG: Well, the - the
11 construction moves simultaneously. So, we work from
12 one end of the site and, you know - or building to the
13 - to the other.

14 So, once we get to a certain - you
15 know, about the midpoint of the site, we can then,
16 while we're still moving towards - forward on the core
17 and shell construction, we can then start on the
18 interior fit-out. And so that's how the project is
19 phased.

20 MS. MANDERINO: Uh-huh (yes). And so,
21 is the casino the front end of that fit-out?

22 MR. WEINBERG: No, yeah, the casino is
23 the front end of the interior finishes. And the hotel
24 will - will have all the core and shell done and it
25 should be when we finish the casino fit-out, we're

1 still moving on the interior fit-out of the hotel.

2 MS. MANDERINO: And you mentioned your
3 Westmoreland site - and where my head is going, it's
4 no secret - I'm thinking you can't have a Cat 4 if you
5 didn't have a Cat 2 License.

6 Right? So, I'm just trying to figure
7 out like how far ahead of one the other one is?

8 MR. WEINBERG: Well, we're - we
9 haven't been awarded the license on the Cat 4.

10 MS. MANDERINO: Okay.

11 MR. WEINBERG: So, we're way ahead
12 on -

13 MS. MANDERINO: Okay.

14 MR. WEINBERG: - the Cat 2. So, as
15 you know, we'll be seeing you again next week -

16 MS. MANDERINO: Okay.

17 MR. WEINBERG: - in Hempfield
18 Township. So, we have to - you know, we have to get
19 the field award of license. We have to do plans
20 there.

21 Now, it's a much simpler -

22 MS. MANDERINO: Right.

23 MR. WEINBERG: - build-out.

24 MS. MANDERINO: That's kind of - maybe
25 I was going a little bit too far ahead, but -.

1 MR. WEINBERG: They are, because it's
2 an interior renovation. We're in an existing mall,
3 all the infrastructure is in, we don't have to put in
4 any site work at all. It's only an interior fit-out.

5 But we haven't - we have to get -

6 MS. MANDERINO: Right.

7 MR. WEINBERG: - past square one on
8 the Cat 4.

9 MS. MANDERINO: And I guess where my
10 head is, and maybe you're far enough along to assure
11 me that this is a foolish thought, but having been a
12 former Philadelphian, I've seen this project and other
13 ones even kind of at late, late stages - maybe this is
14 later, kind of fall apart.

15 And I guess when you get that Building
16 Permit in hand is that's when I can breathe a sigh of
17 relief that we're not going to fall apart again?

18 MR. WEINBERG: No. We're at the
19 final, final stage. We've been working on it hard.
20 This is obviously a very important project for the
21 City of Philadelphia.

22 This will be the largest construction
23 project - now that the Comcast headquarters has been
24 completed, this is the largest project in the City of
25 Philadelphia. So, you know, we're working very

1 closely with the building trades. And - you know,
2 this is a very important project to the - to the city,
3 so we have no concern about - not that I don't
4 understand your comment, but we have no concern that
5 that's an issue at -.

6 If anything, they're pushing us as
7 much as we're pushing ourselves.

8 MS. MANDERINO: Good.

9 Thank you.

10 CHAIRMAN: Any other questions or
11 comments?

12 Do you have a presentation or
13 comments?

14 ATTORNEY PITRE: We don't have a
15 presentation. However, Mr. Chairman, we do - I did
16 submit, with the concurrence of Stadium and their
17 representatives, a Joint Proposed Order.

18 We submitted that Order to Chief
19 Counsel's Office. We are requesting that the Board
20 implement that Order. We're available if there are
21 any questions.

22 I have reviewed the designs, the
23 plans. I do have the design book, if the Board would
24 like to review that design book. It's very detailed.
25 I'm very - cautiously optimistic that we'll finally

1 get our Category 2 casino in Philadelphia.

2 The Cordish Group has been very
3 enthusiastic. And since we've filed our Answer, there
4 has been a lot of movement behind the scenes on this
5 project. So, I am cautiously optimistic that things
6 are moving forward in the desired manner.

7 And we want to serve as more of - more
8 to help them along the way as a deterrence. And so we
9 too have been pushing them, and they have accepted
10 that push very positively. And I think things are
11 finally moving in the direction we all want them to
12 move in.

13 CHAIRMAN: Okay.

14 If there's no further questions or -
15 yes, Mr. -?

16 ATTORNEY STEWART: Mr. Chairman, just
17 a couple administrative items.

18 As was mentioned and alluded to, we
19 did file certain confidential information of record
20 under this docket, which was too voluminous to utilize
21 as an exhibit, but we would identify, as Stadium
22 Exhibit 1, a DVD that is in the record. And as Mr.
23 Weinberg said, contains over 6,000 pages of
24 construction specifications and drawings, should any
25 of you like to review them.

1 As Mr. Pitre -.

2 ---

3 (Whereupon, Stadium Exhibit 1, DVD, was marked
4 for identification.)

5 ---

6 CHAIRMAN: Are you seeking to move
7 that into evidence?

8 ATTORNEY STEWART: Pardon me?

9 CHAIRMAN: Are you seeking to move
10 that into evidence?

11 ATTORNEY STEWART: We will be, Your
12 Honor.

13 CHAIRMAN: Okay.

14 ATTORNEY STEWART: I also wanted to
15 identify Stadium Exhibit Number 2, which is the
16 project design book for the project. That is also
17 with the Office of Hearings and Appeals (OHA).

18 ---

19 (Whereupon, Stadium Exhibit 2, Design Book, was
20 marked for identification.)

21 ---

22 CHAIRMAN: Okay.

23 I'll take that as a motion.

24 ATTORNEY STEWART: Thank you.

25 And we do have a motion for

1 confidentiality pending, as to both items.

2 CHAIRMAN: So moved.

3 The Board will take this up slightly
4 later this morning. And at this moment, I think we're
5 going to take a brief break, a five-minute break.

6 * * * * *

7 HEARING CONCLUDED

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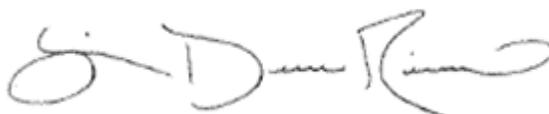
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CERTIFICATE

I hereby certify that the foregoing proceedings, hearing held before Commonwealth of Pennsylvania Gaming Control Board, was reported by me on 11-28-18 and that I, Lindsey Deann Richardson, read this transcript, and that I attest that this transcript is a true and accurate record of the proceeding.

Dated the 20th day of December, 2018



Lindsey Deann Richardson,
Court Reporter